

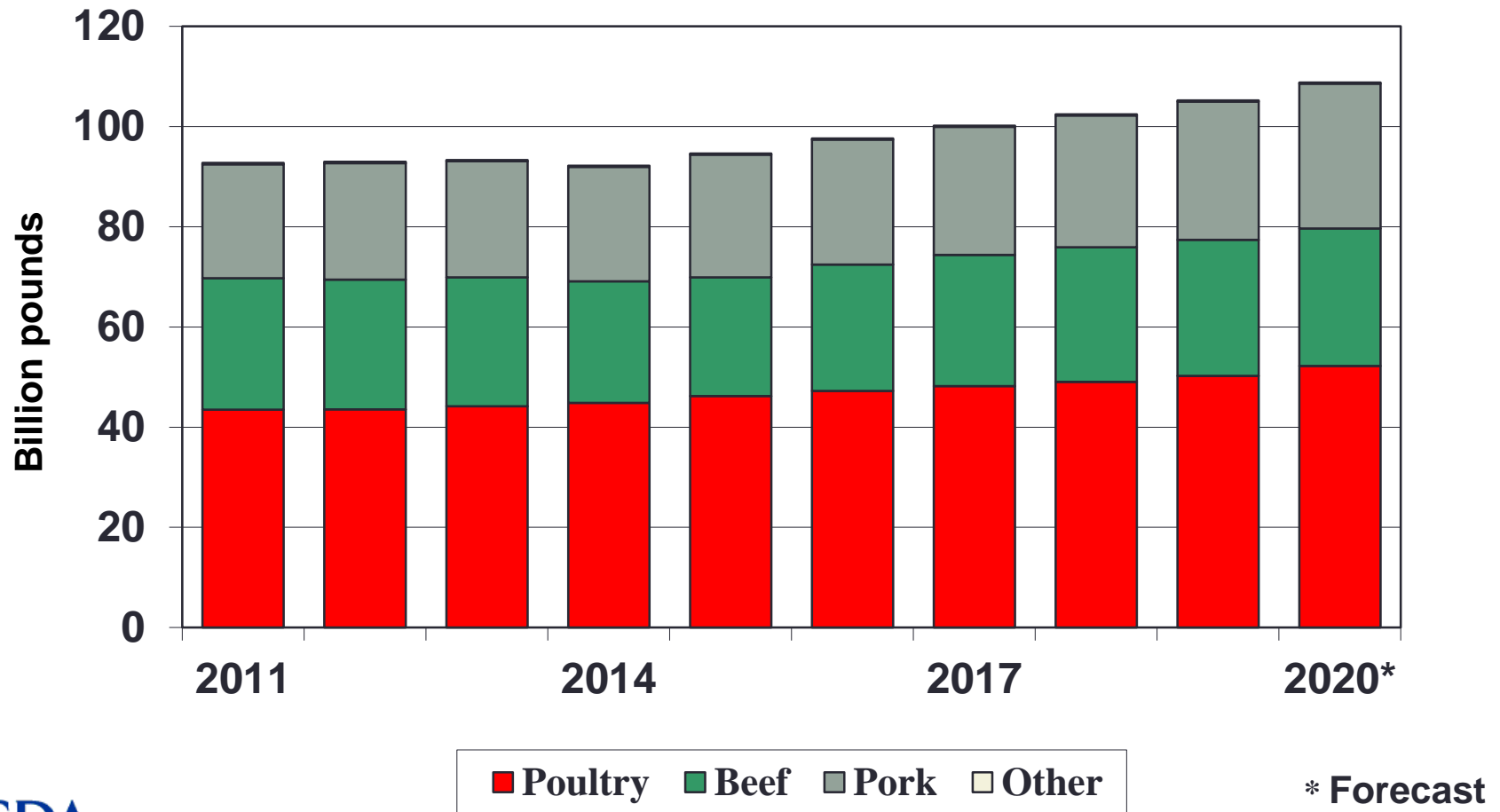
Outlook for the U.S. Livestock and Poultry Sectors in 2020

**Presented By
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World Agricultural Outlook Board, USDA**

**USDA Agricultural Outlook Forum
Arlington, VA
February 21, 2020**



Record Red Meat and Poultry Production in 2020



Total Meat Production Higher

Billion pounds	2018	2019	2020F	2019-20 % Change
Beef	26.872	27.151	27.480	1.2
Pork	26.315	27.637	28.885	4.5
Broiler Meat	42.601	43.877	45.775	4.3
Turkey	5.878	5.816	5.890	1.3
Total Red Meat And Poultry	102.435	105.227	108.788	3.3

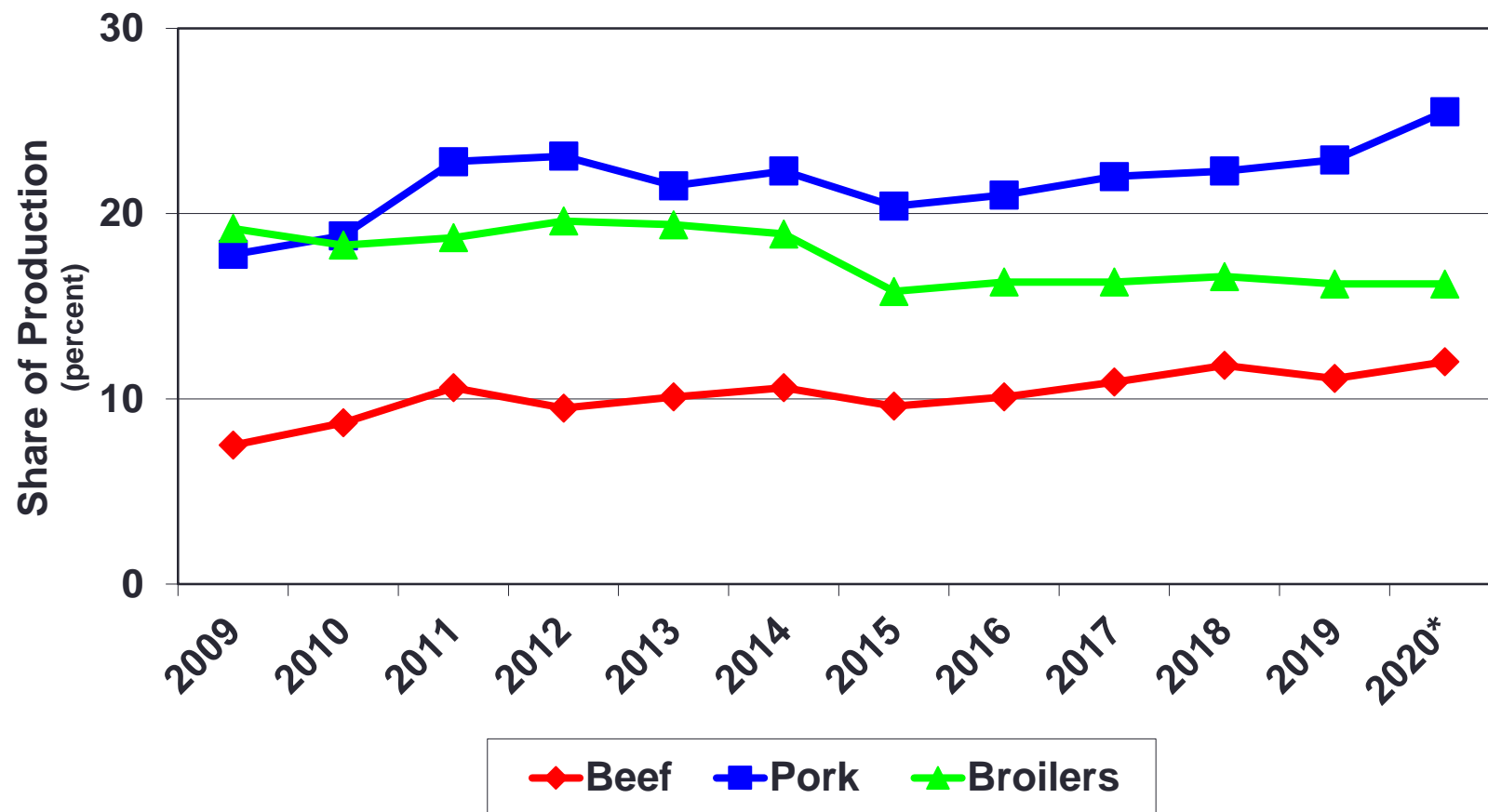


Large Meat Supplies, Strong Demand Will Boost Exports

Billion pounds	2018	2019	2020F	2019-20 % Change
Exports				
Beef	3.161	3.022	3.300	9.2
Pork	5.876	6.321	7.375	16.7
Broiler Meat	7.069	7.109	7.425	4.4
Imports				
Beef	2.998	3.057	2.880	-5.8
Pork	1.042	0.945	0.835	-11.6



Red Meat Exports Important to Sector



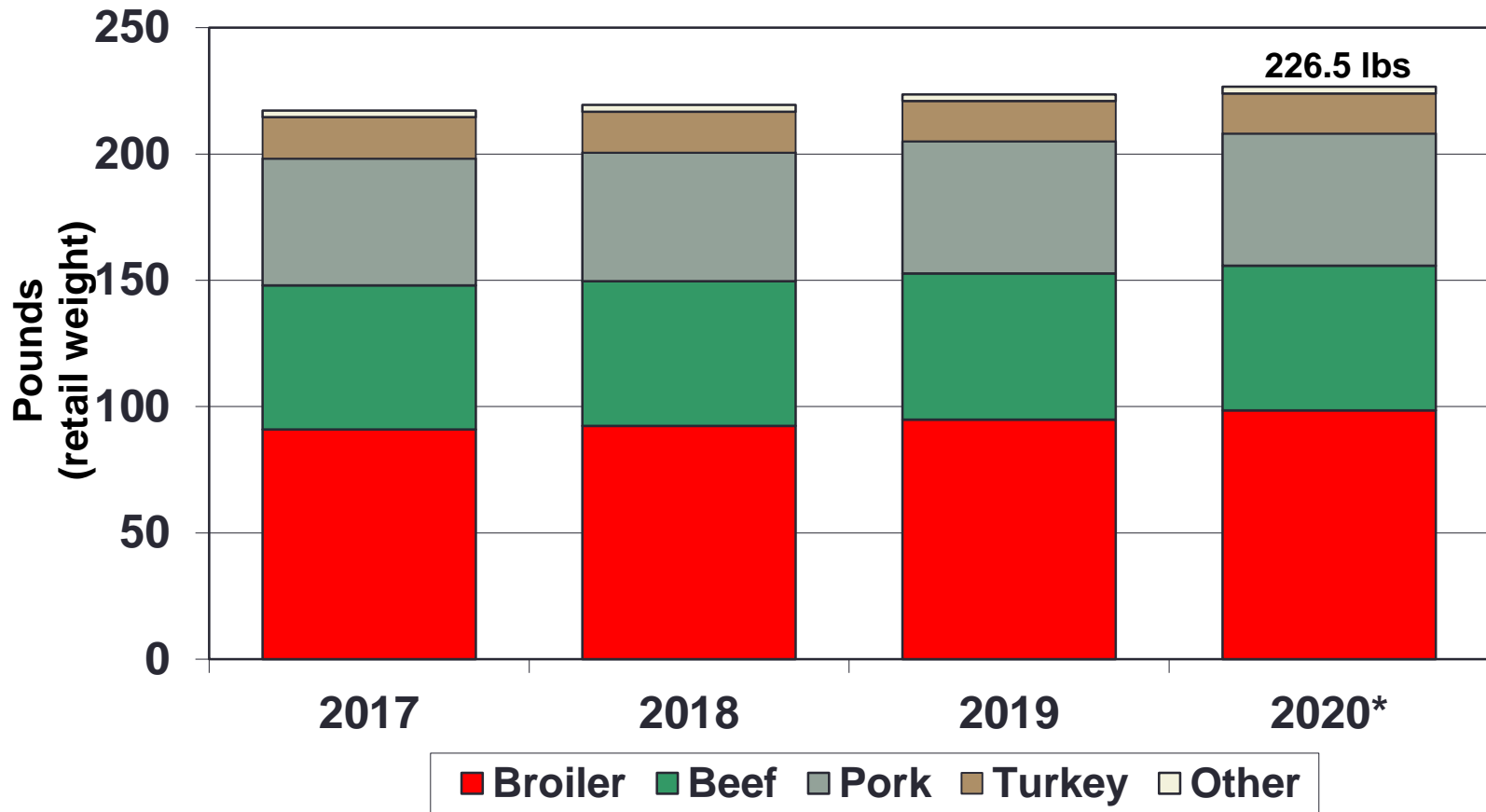
* Forecast

Livestock & Poultry Prices Mixed

	2018	2019	2020F	2019-20 % Change
Cattle, \$/cwt	117.12	116.78	117.0	0.2
Hogs, \$/cwt (live equiv.)	45.93	47.95	49.0	2.2
National Composite Broiler, \$/lb	0.978	0.886	0.870	-1.8
Turkey, \$/lb	0.802	0.892	1.005	12.7



Per Capita Domestic Disappearance Record High



* Forecast

Situation Facing Livestock and Poultry Producers

Divergent Feed Prices

- Corn: \$3.85/bu in 2019/20
 \$3.60/bu in 2012/21
- Soybean meal: \$305/ton in 2019/20
 \$310/ton in 2020/21

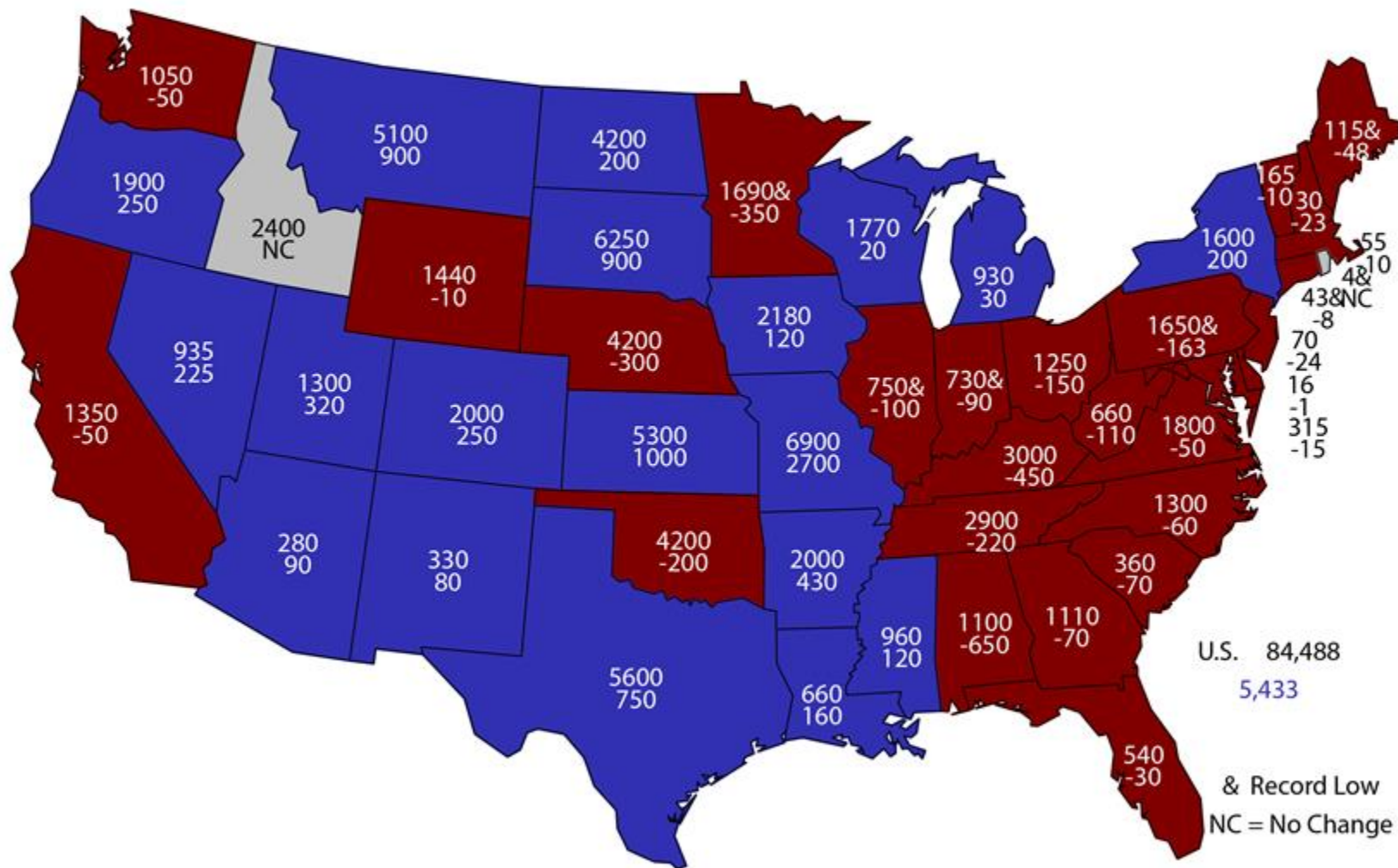
Forage Situation Uncertain

- “Other” hay prices in second-half 2019 below 2018
- Dec 1 hay stocks 2 percent higher, but quality is variable



December 1, 2019 Hay Stocks

(000) Tons and Change From Previous Year

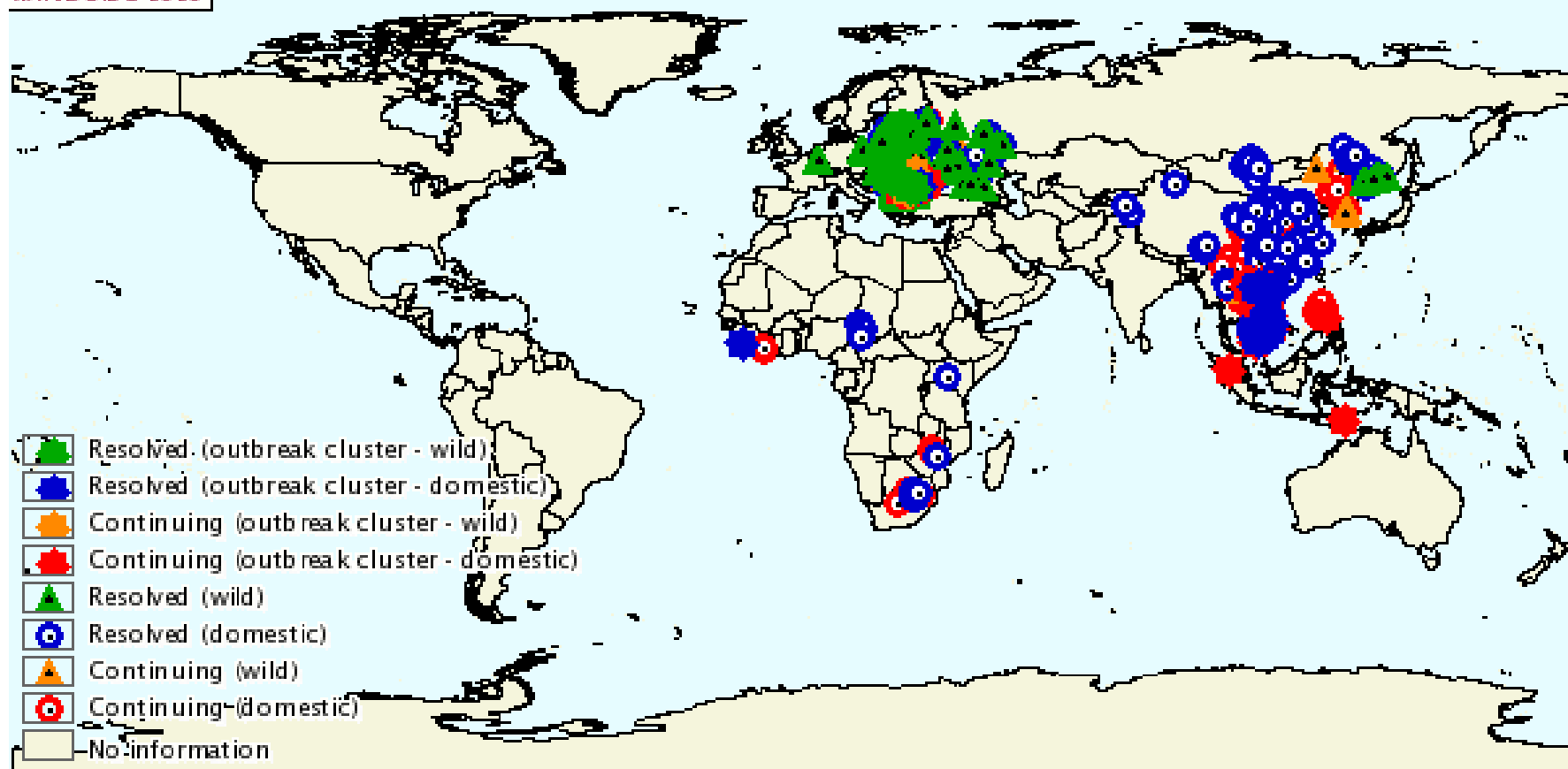


Situation Facing Livestock and Poultry Producers

- **Animal Disease Outbreaks Reshape Global Trade**
 - **Currently reported in Europe, Africa, and Asia**

African Swine Fever Reports During 2019

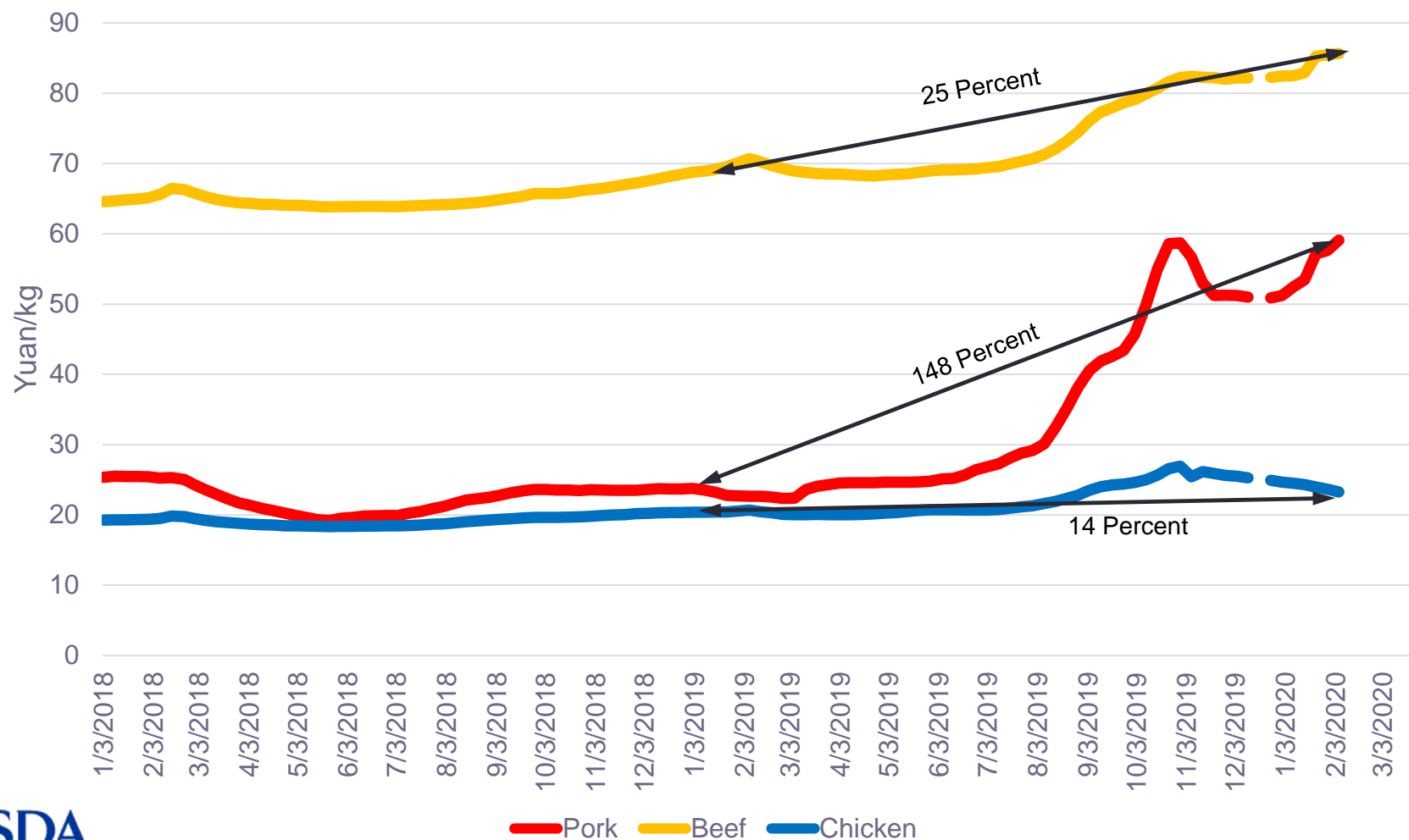
WHO/OIE © 2020



Situation Facing Livestock and Poultry Producers

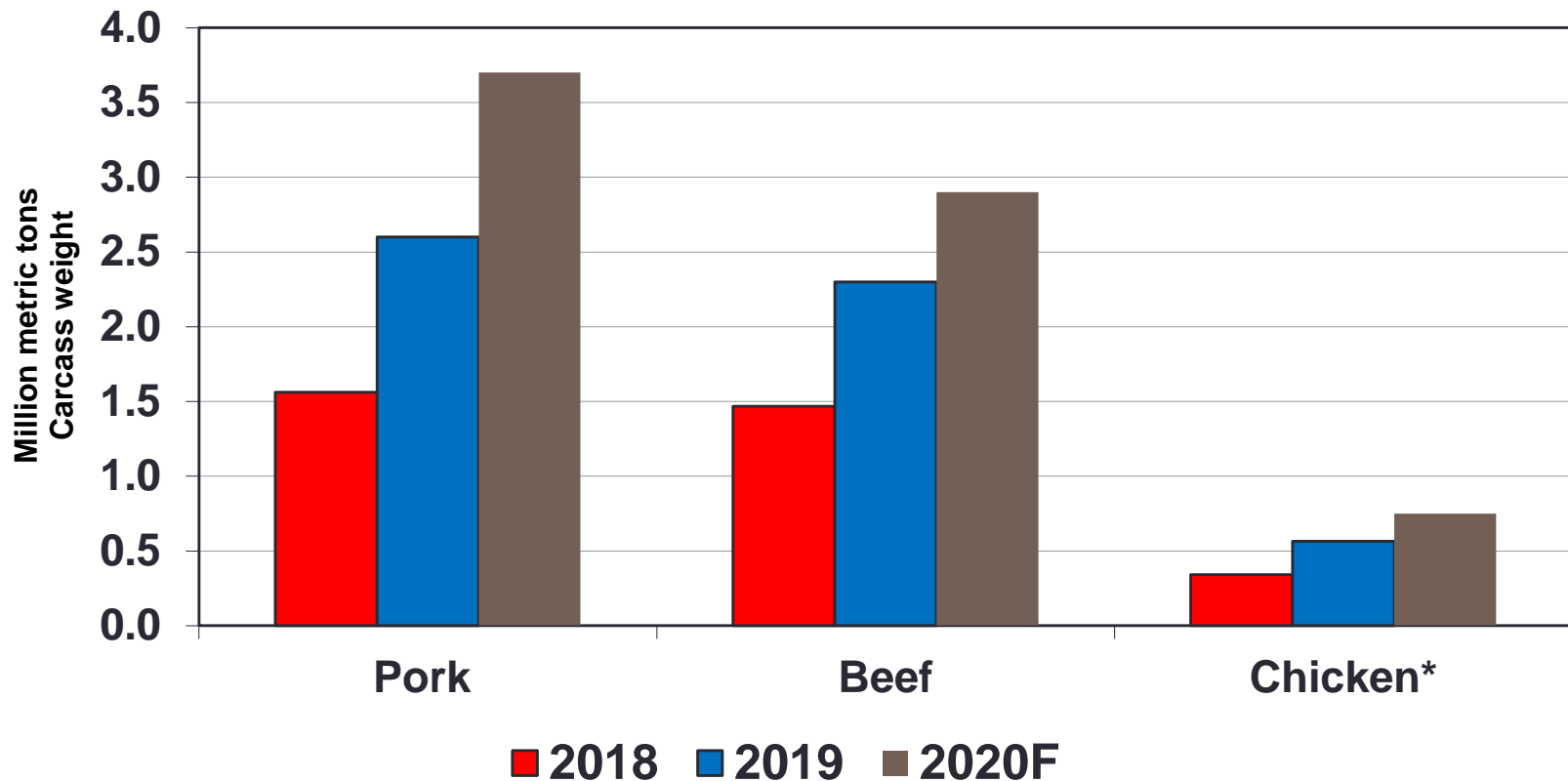
- **African Swine Fever Outbreaks Reshape Global Trade**
 - **Currently reported in Europe, Africa, and Asia**
 - **Level of impact uncertain in China**
 - **Higher prices**
 - **Increased imports**

Meat Prices in China Have Risen Sharply



Source: China Ministry of Agriculture

China's Meat Imports Will Increase in 2020



*Excluding paws

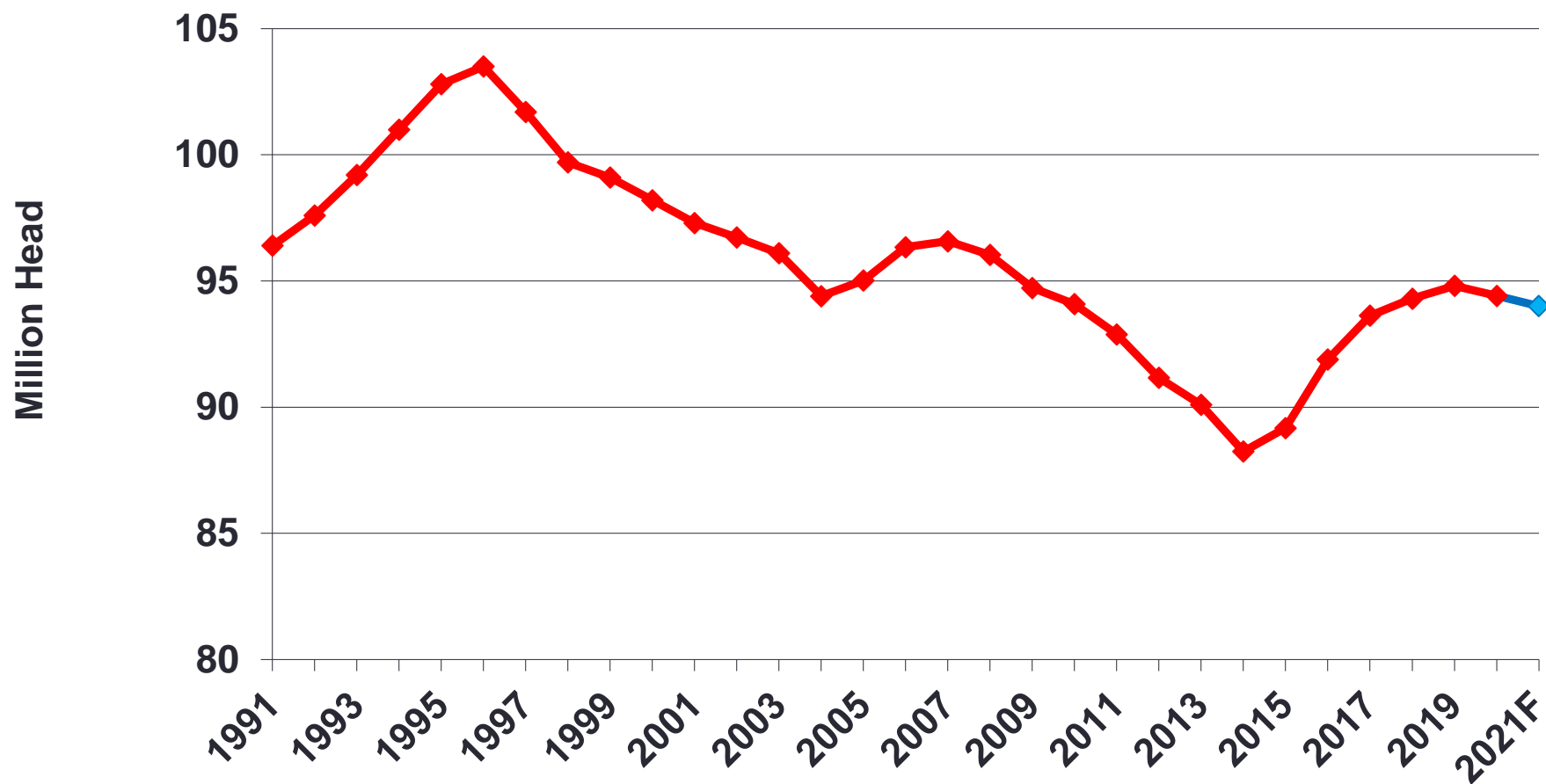
Source: Livestock and Poultry: World
Markets and Trade, January 10, 2020
USDA/FAS



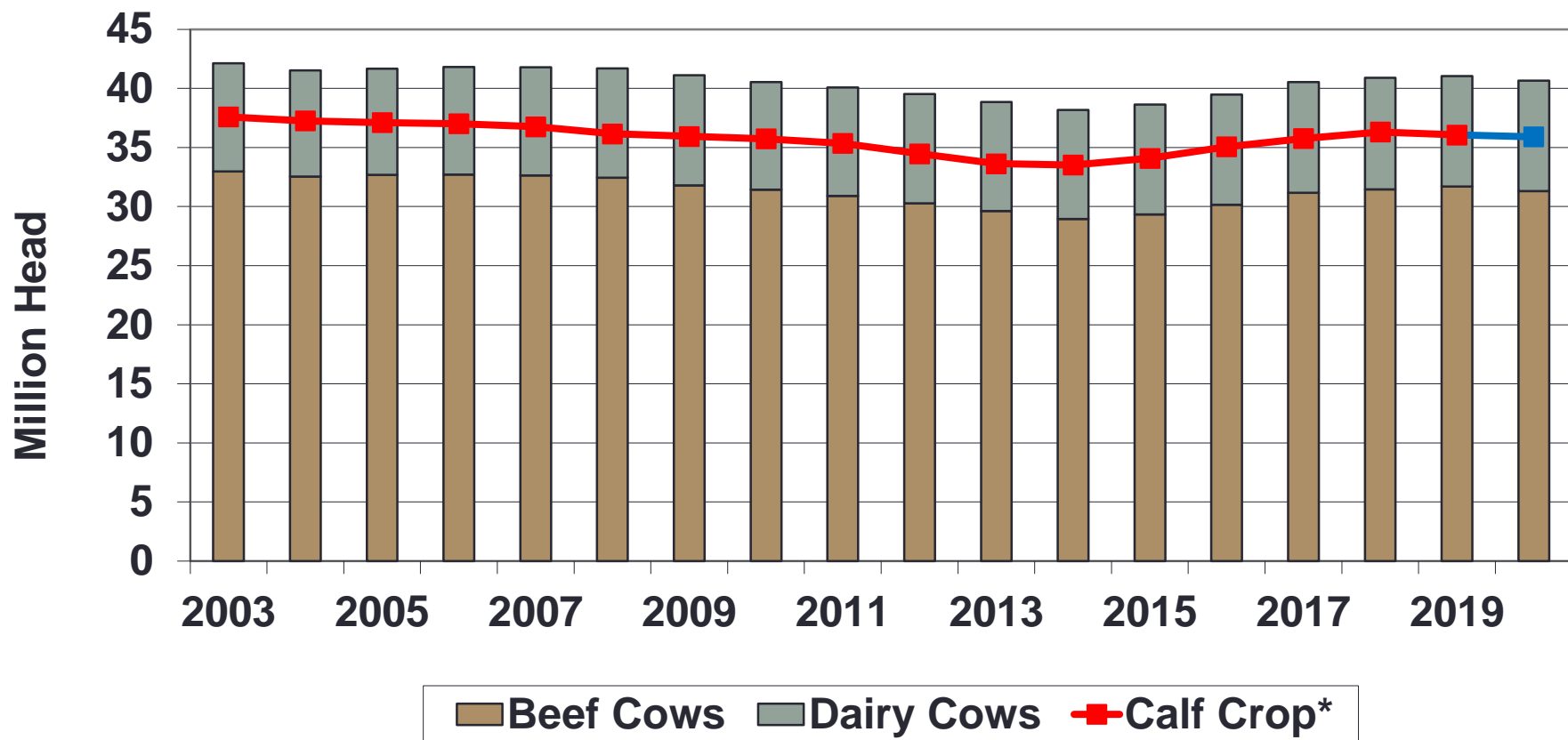
Factors Driving the U.S. Forecasts:

- Cattle –Herd Beginning to Contract
 - January 1 cattle inventory down 0.4 percent
 - Beef cow number down 1 percent
 - Heifers for beef cow replacement 2 percent lower

Cattle Herd at 94.4 Million on Jan 1, 2020 Further Decline Likely

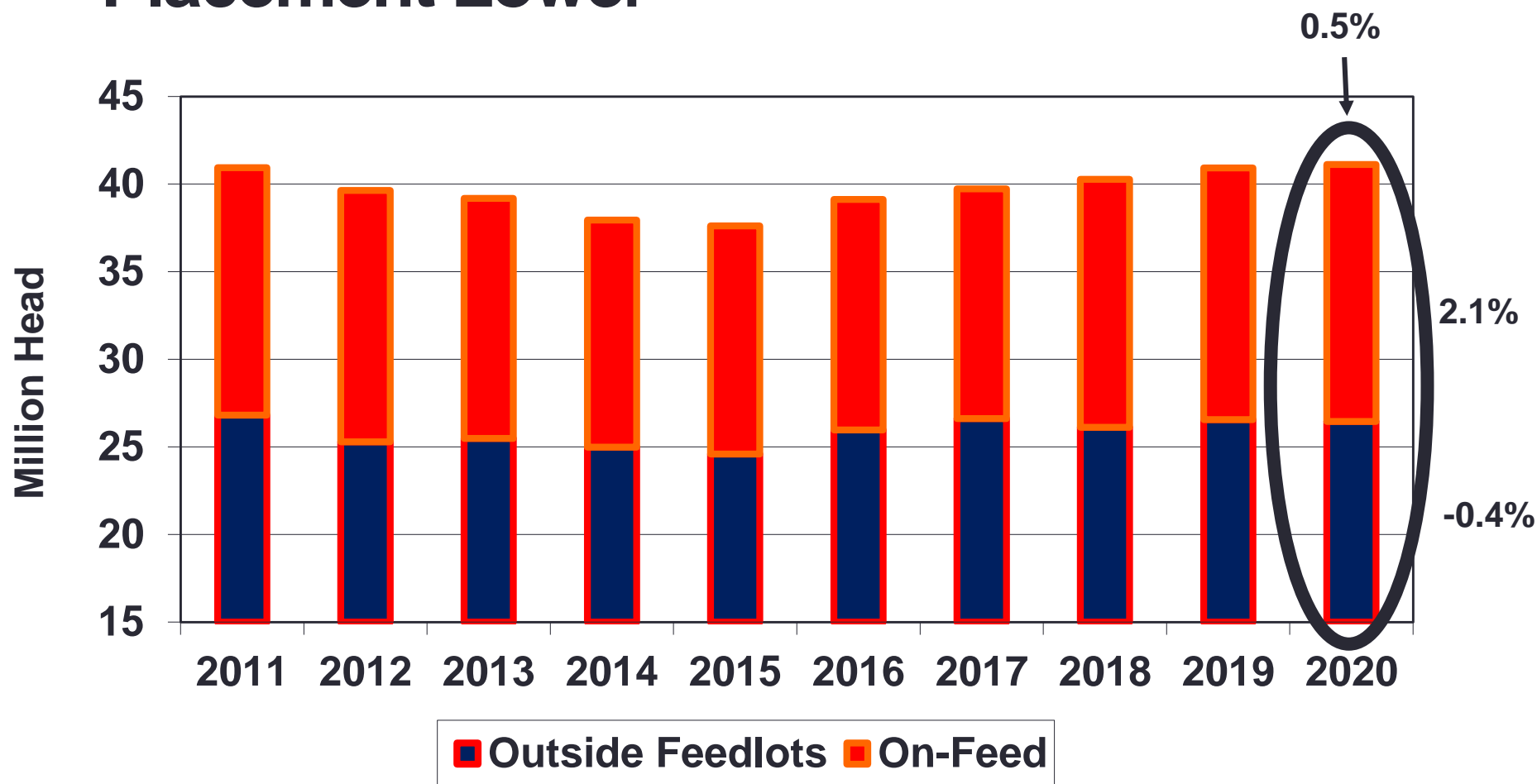


Beef Cow Herd, Calf Crop Declining

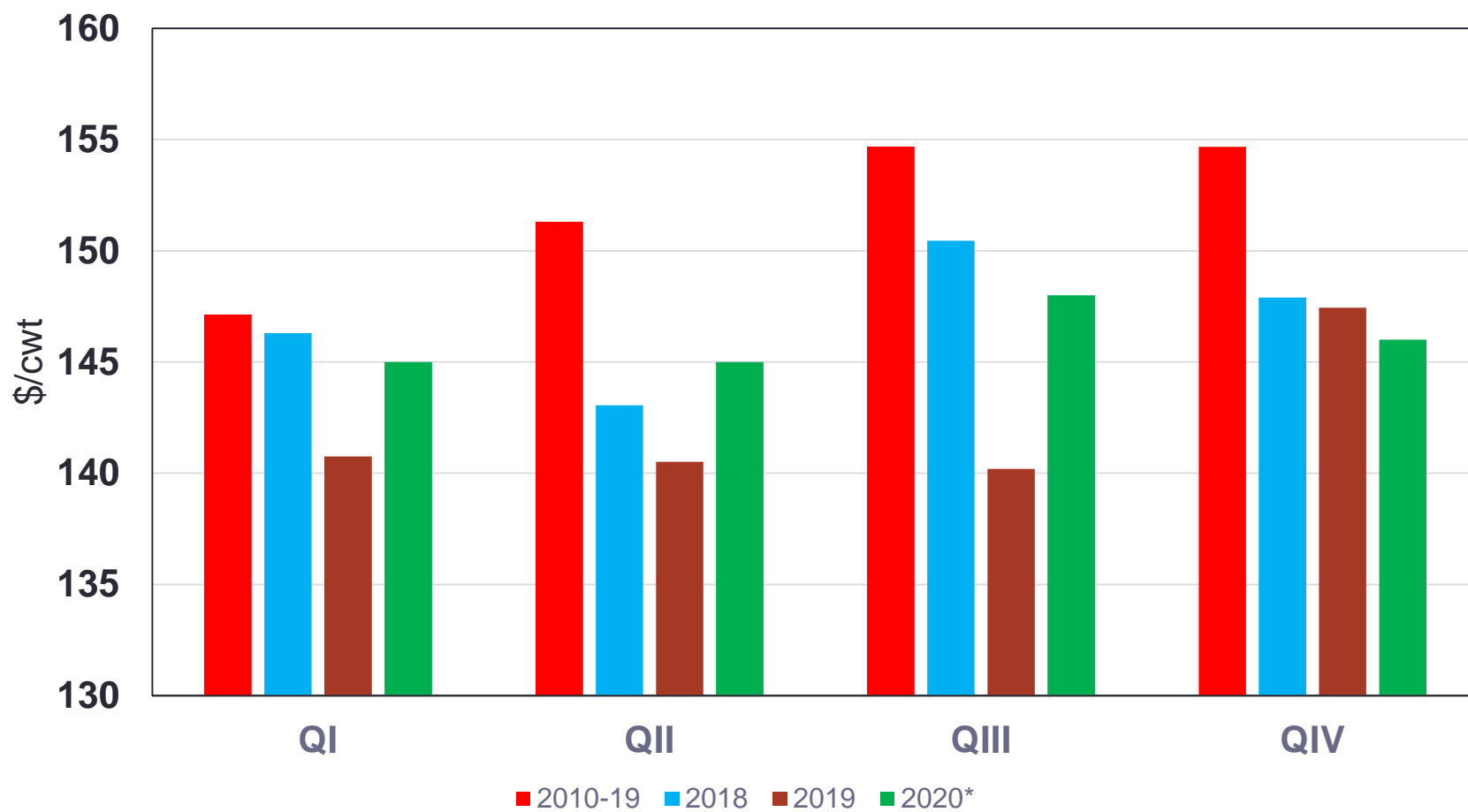


* 2020 Calf Crop Forecast

Cattle on Feed Higher, Available for Placement Lower



Feeder Calf Prices Will Average Higher in 2020

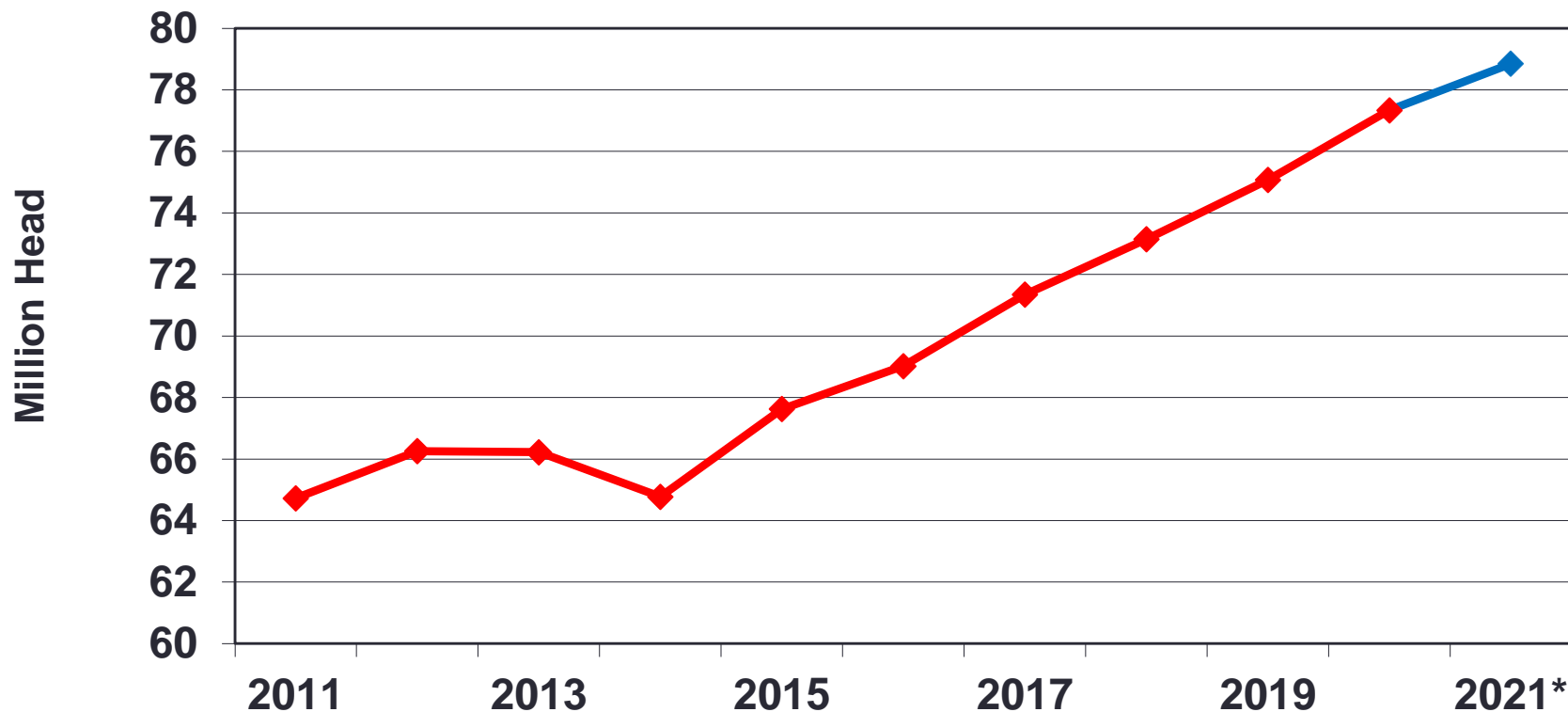


Factors Driving the Forecasts:

- Hogs – Inventory Continues to Build
 - **Producers Cautiously Optimistic Despite Recent Losses**

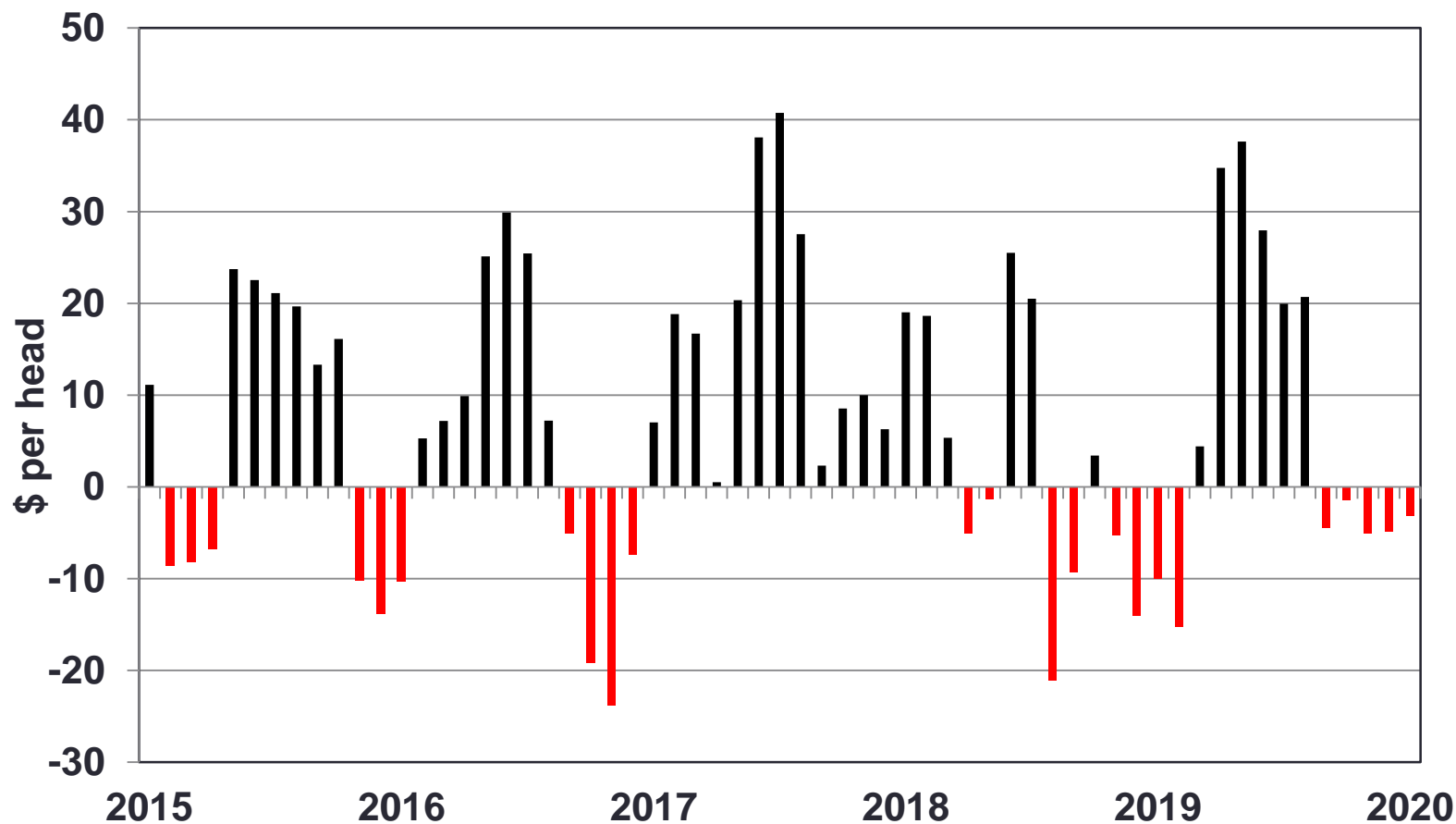
Hog Inventory Increased to 77.3 Million Head on December 1, 2019

Inventory on December 1, Preceding Year

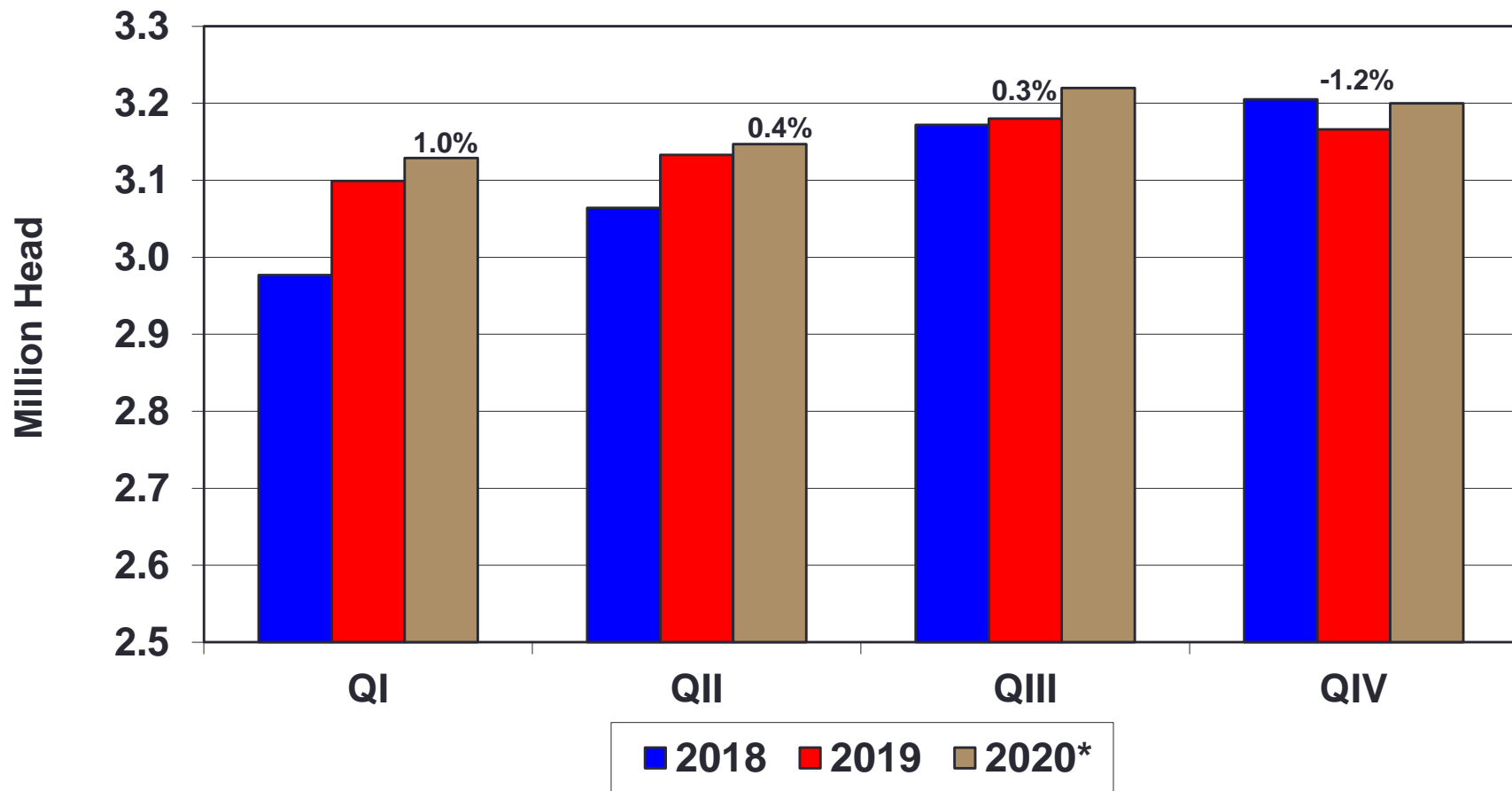


* Forecast

Average Returns to Farrow-Finish Operators



2019-20 Farrowing Growth May Reflect Caution

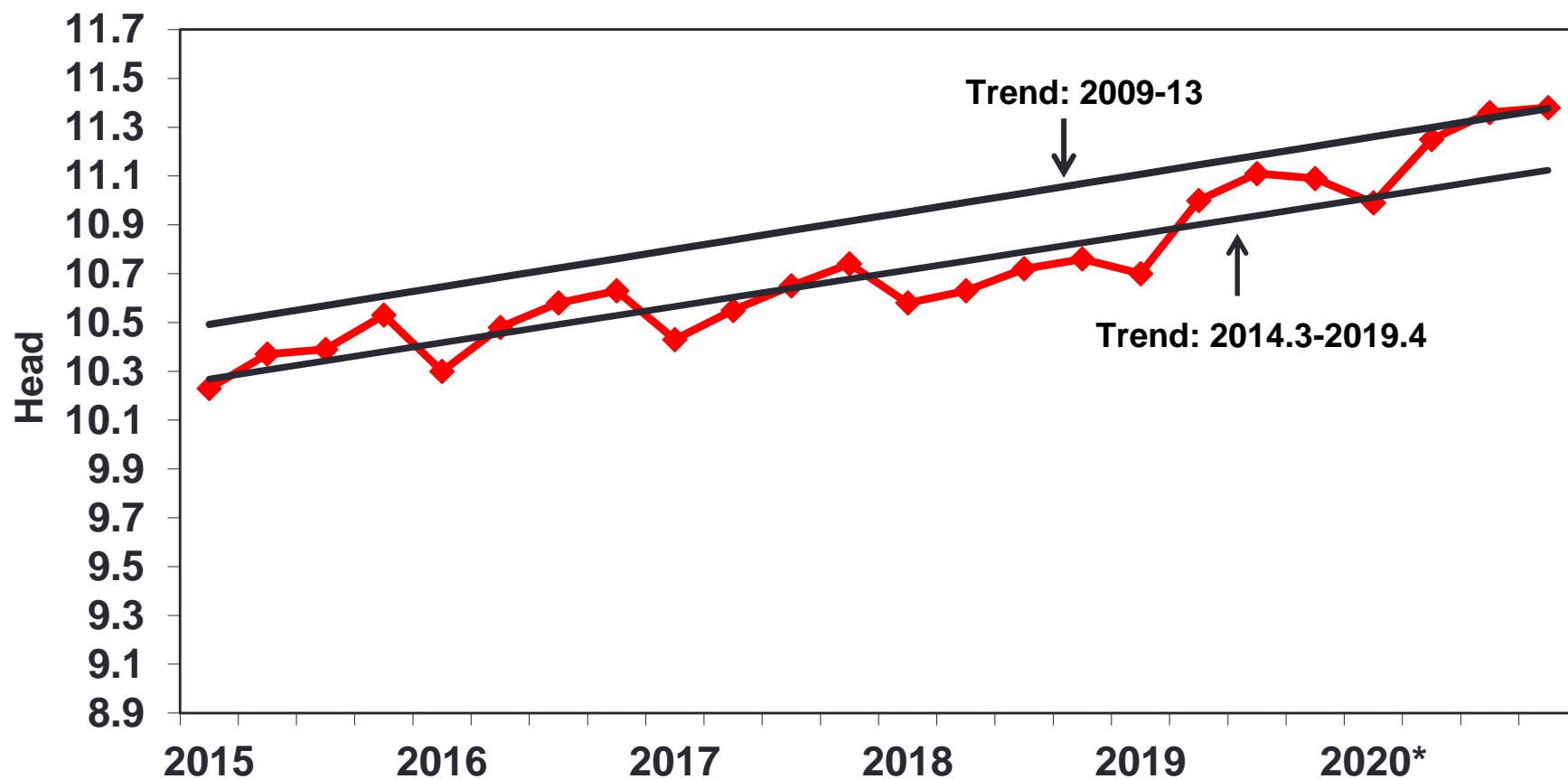


*QI & QII Reported Intentions
QIII & QIV Forecast

Factors Driving the Forecasts:

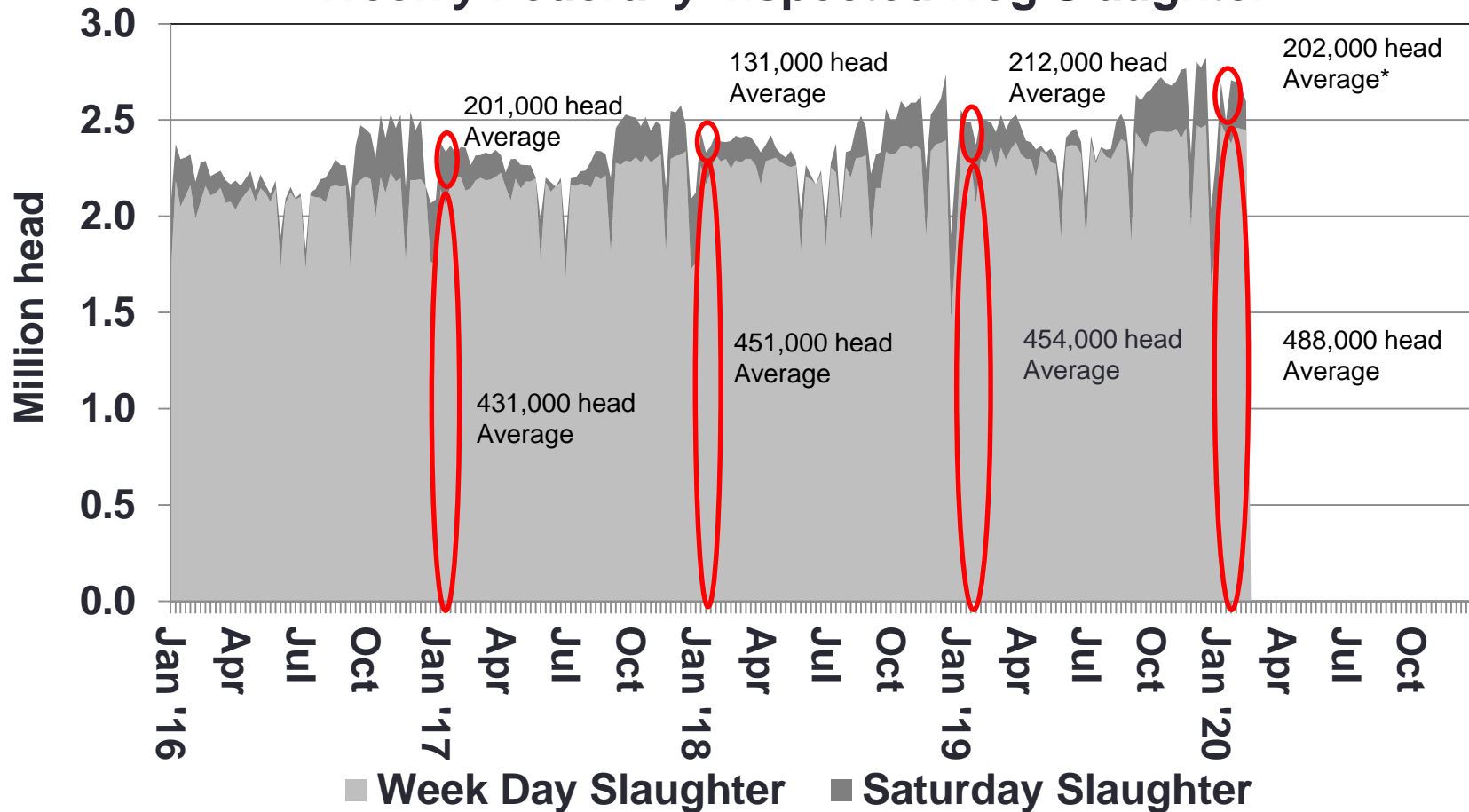
- Hogs – Inventory Continues to Build
 - Producers Cautiously Optimistic Despite Recent Losses
 - **Pigs per Litter Continues to Set Records**

Pigs per Litter Continues to Grow



Hog Slaughter Capacity has Increased Through New Plants

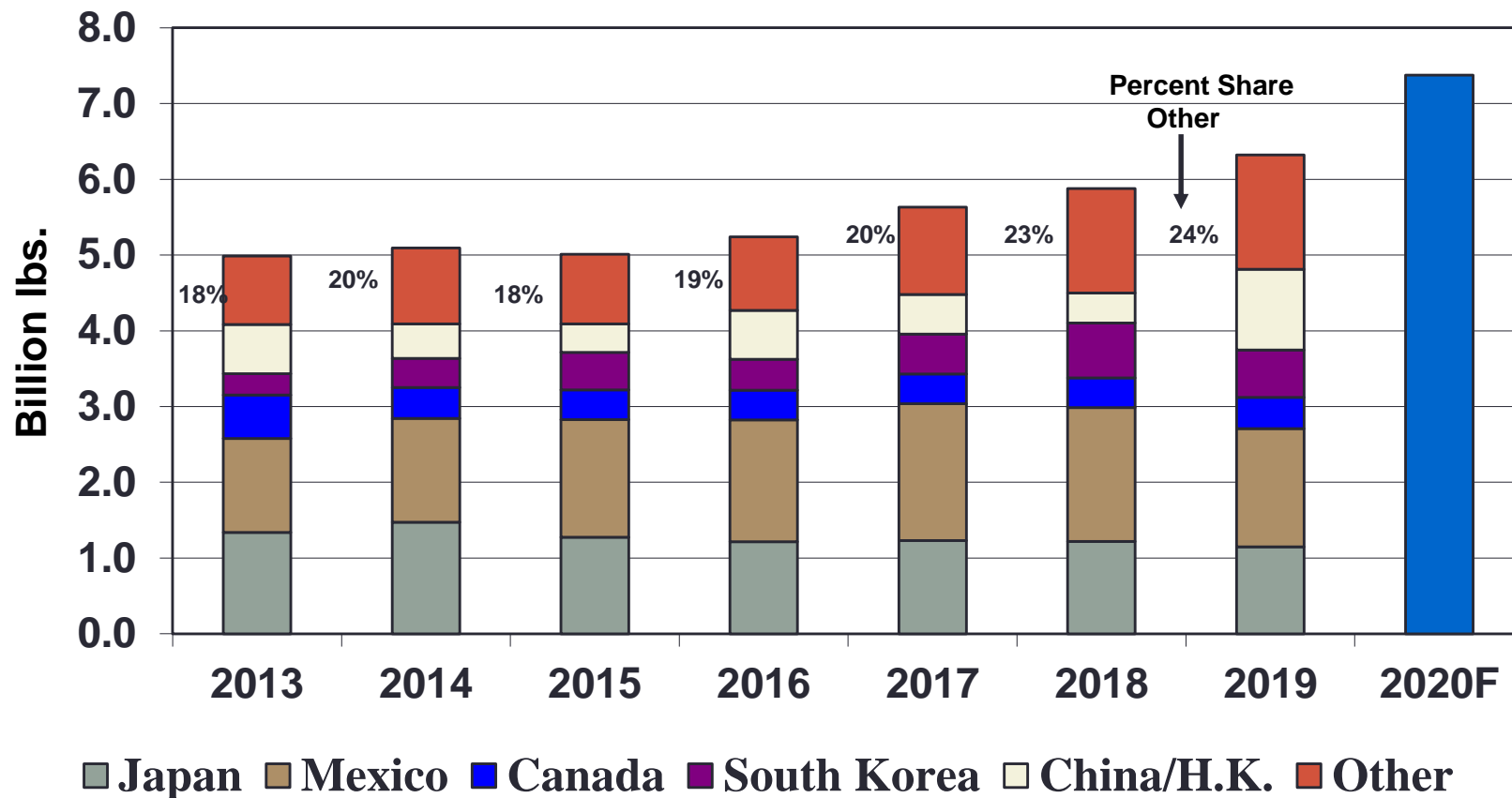
Weekly Federally Inspected Hog Slaughter



Factors Driving the Forecasts:

- Hogs – Lots of Hogs on the Way
 - Producers Optimistic Despite Recent Losses
 - Pigs Per Litter Continue to Set Records
 - **Trade Becomes Increasingly Important**

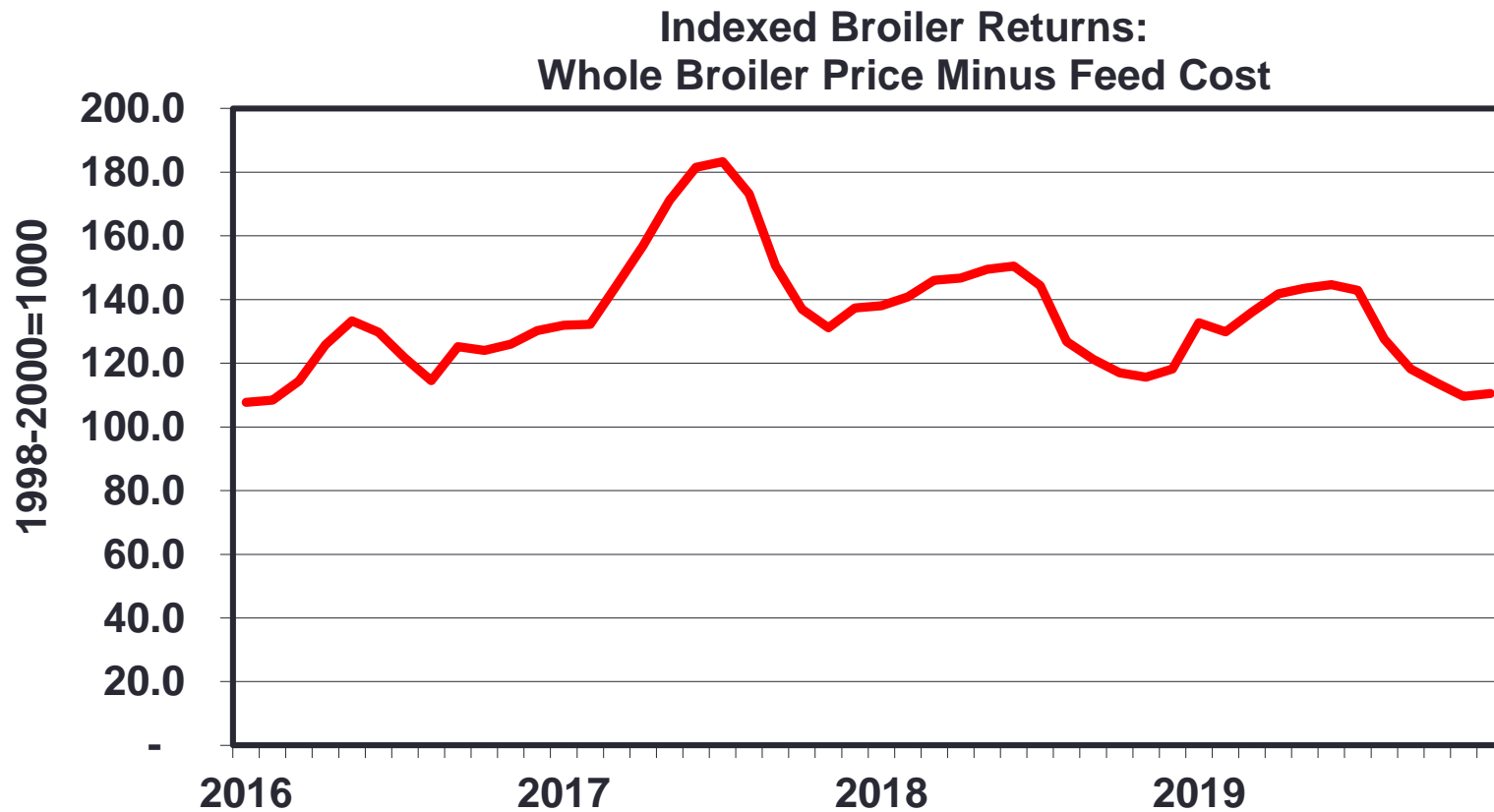
2020 Pork Exports to Be Record 7.4 Billion Pounds



Factors Driving the Forecasts:

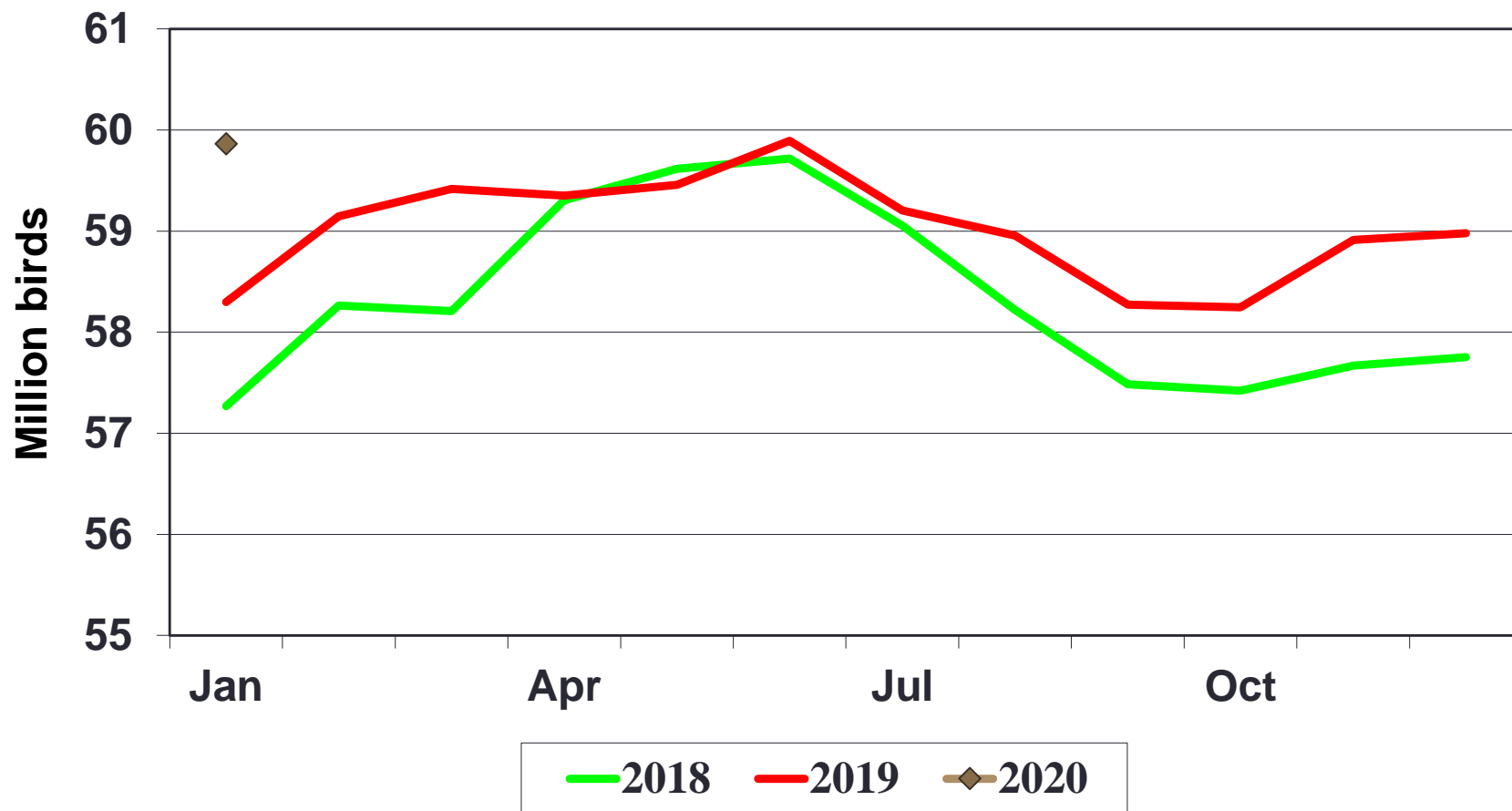
- Broilers – Sector Expanding
 - Hatchery Data Points to Continued Expansion

Broiler Returns Weakening



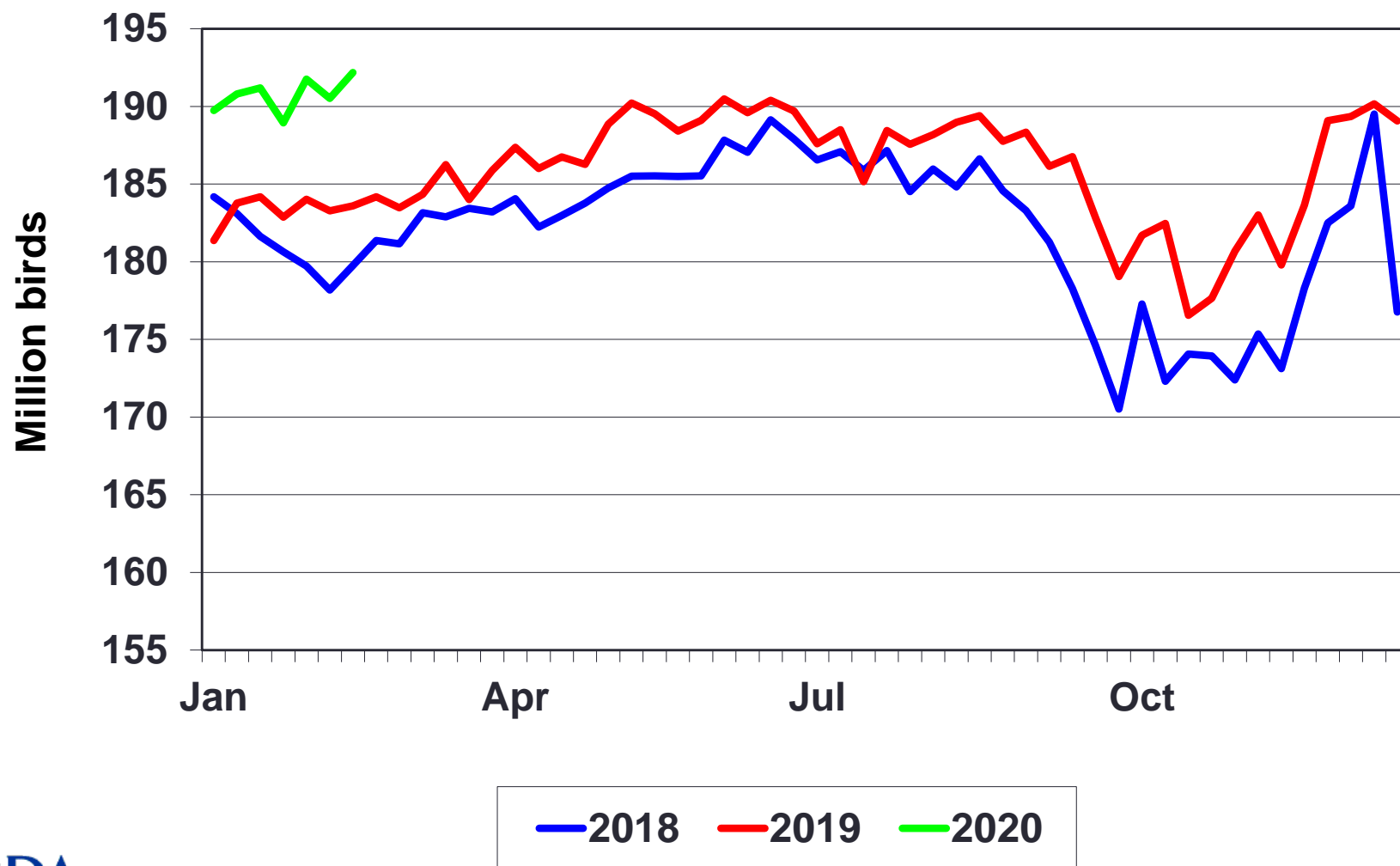
Broiler Laying Flock Grew Most of 2019

First of Month



Placements Remain Large

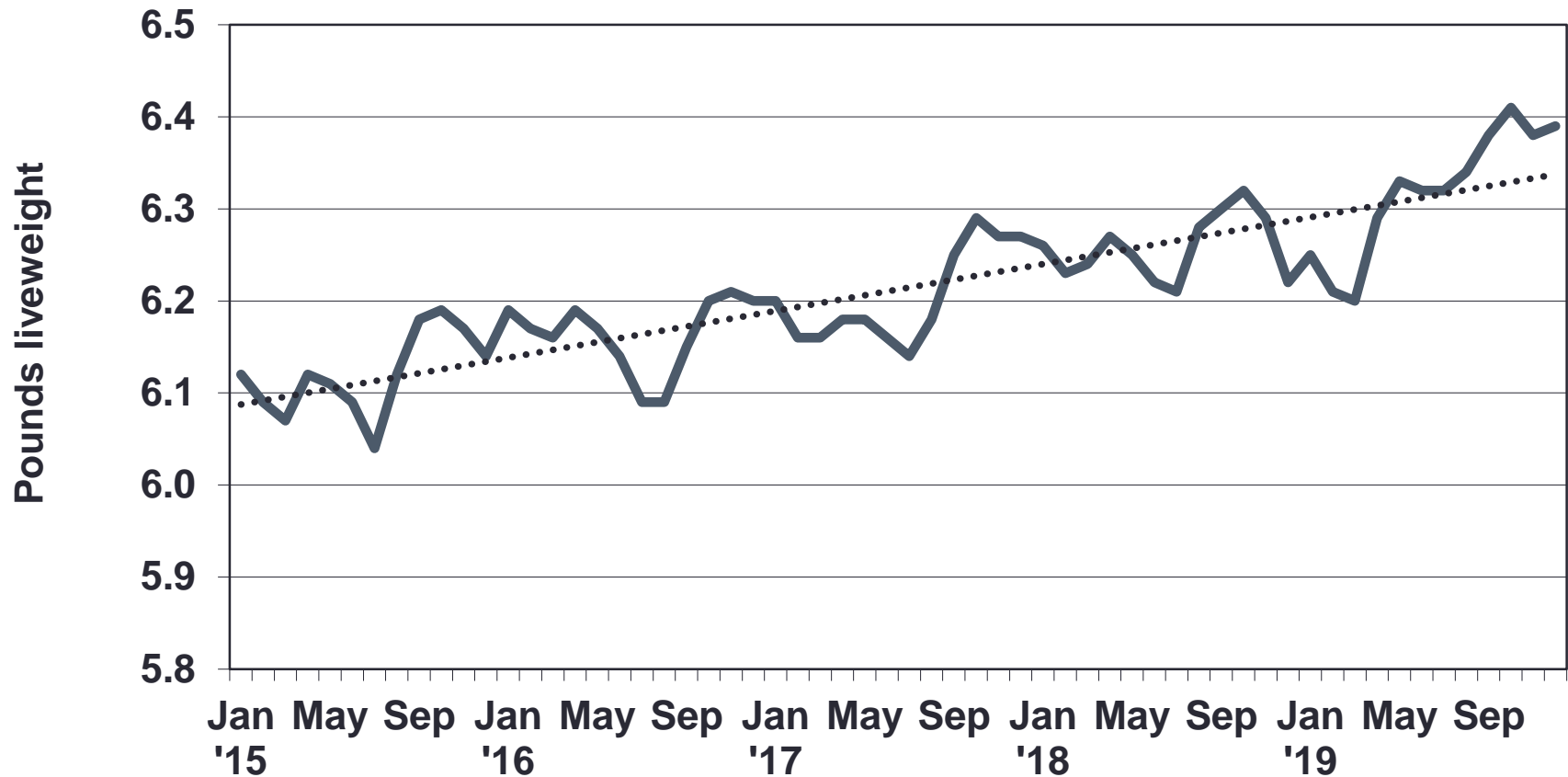
Placements in Growout Flocks, United States



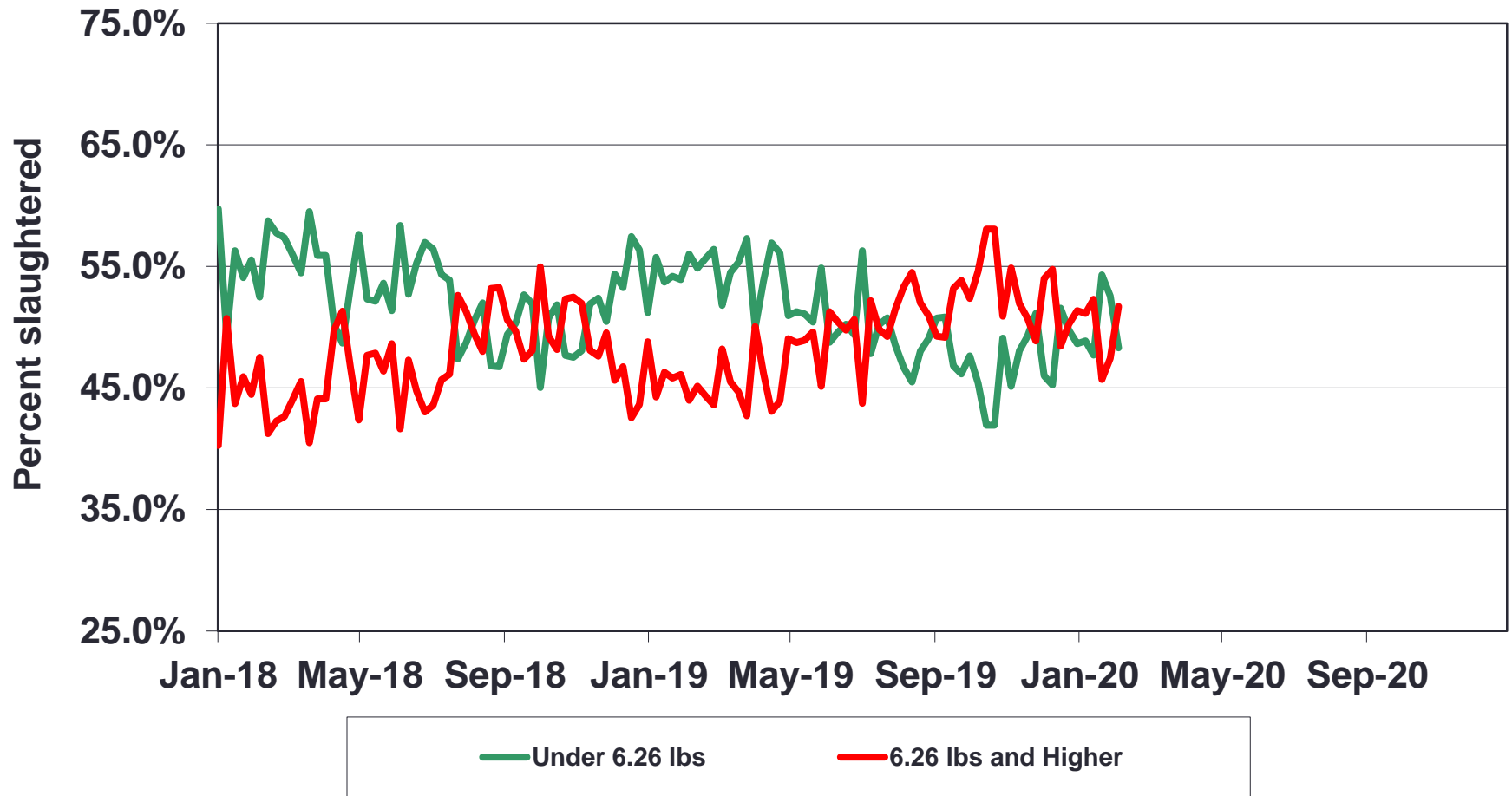
Factors Driving the Forecasts:

- Broilers – Sector Expanding
 - Hatchery Data Points to Continued Expansion
 - **Bird Weights Continue to Increase**

Bird Weight Growth is Above Trend



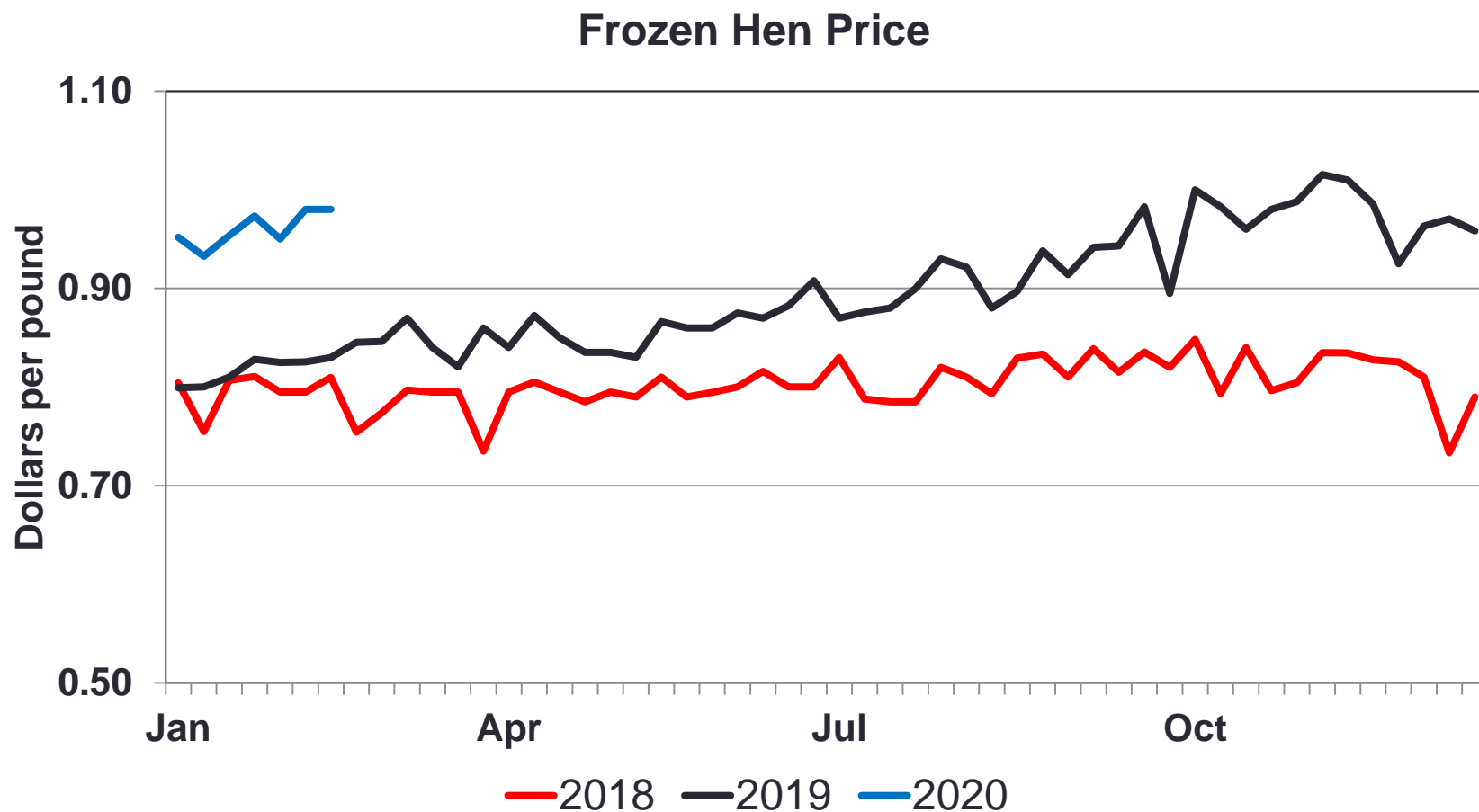
Proportion of Heavier-Weight Birds Above Last Year



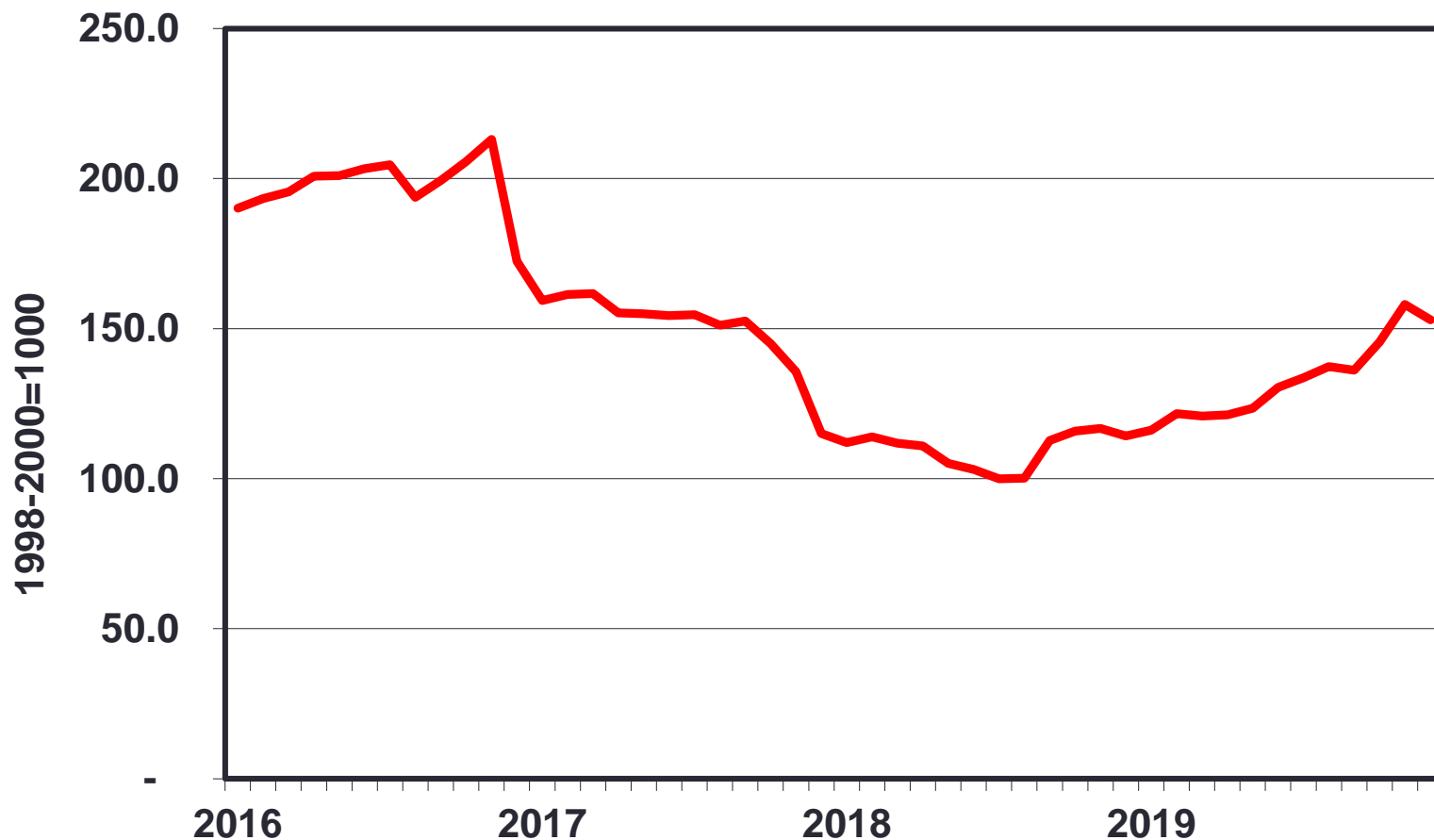
Factors Driving the Forecasts:

- Turkey – Market is Closer in Balance
 - **Prices Are Stronger**

Prices Increasing with Tighter Supplies



Indexed Turkey Returns: Frozen Hen Price Minus Feed Cost

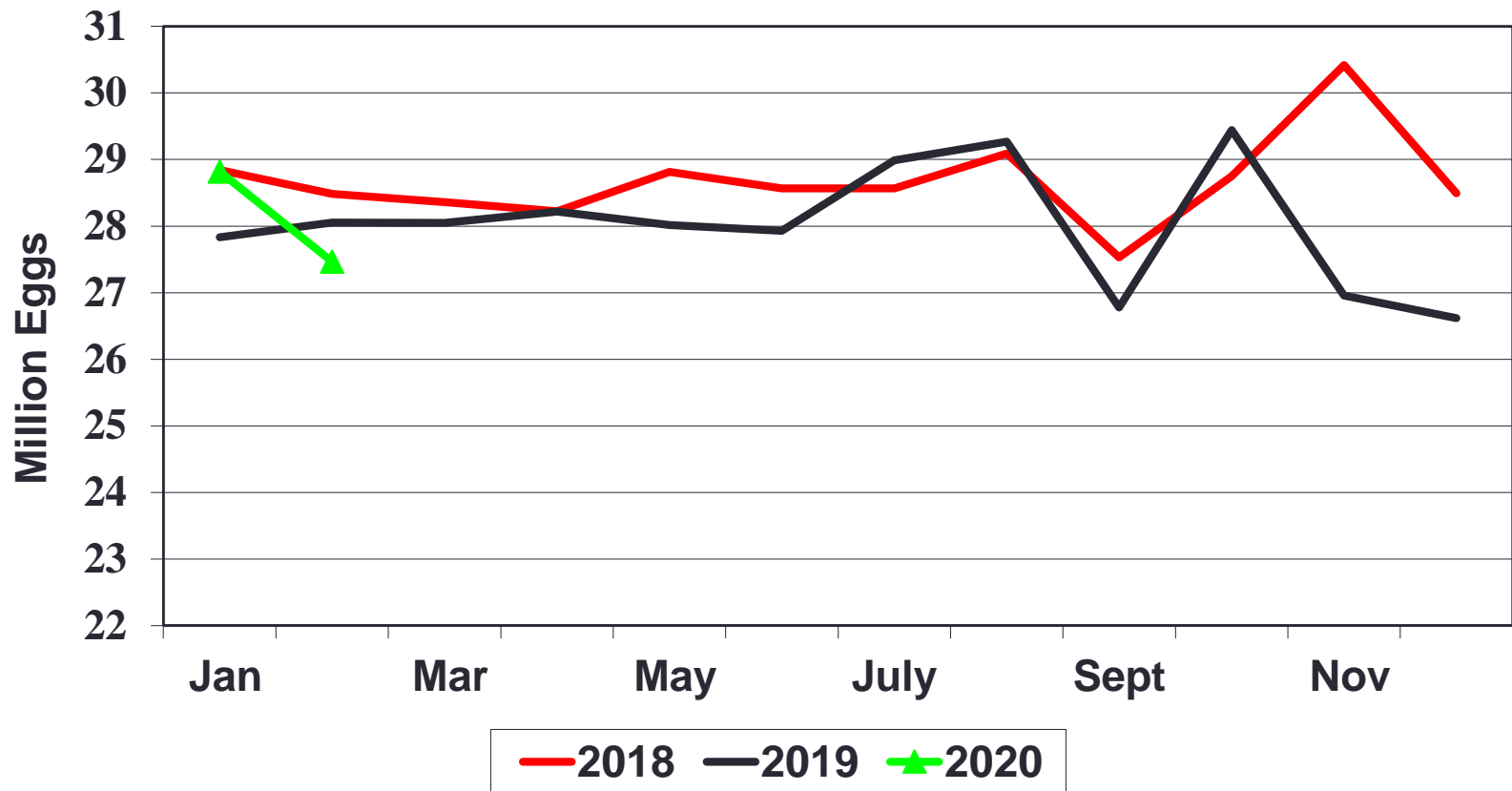


Factors Driving the Forecasts:

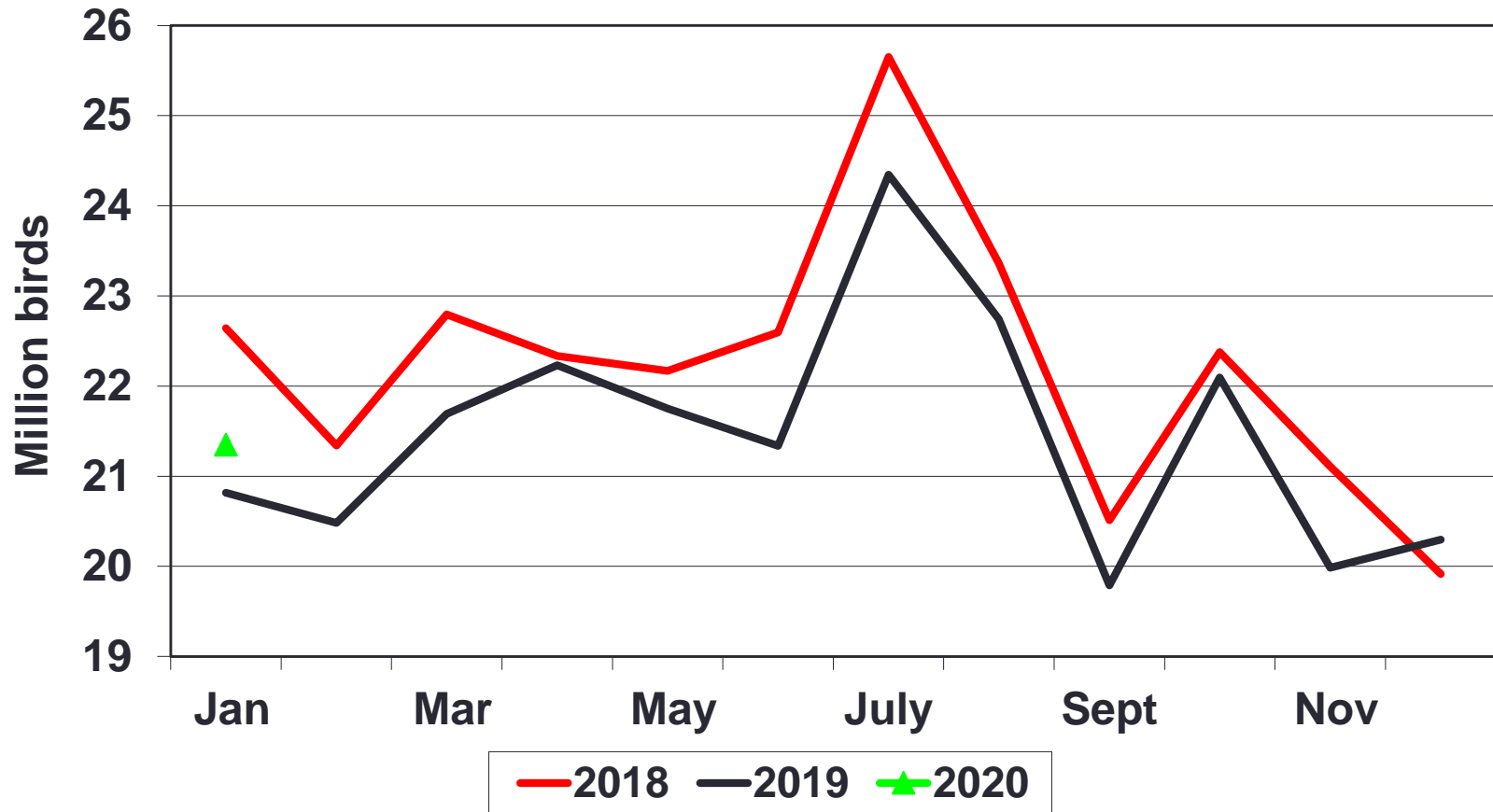
- Turkey – Market is Closer in Balance
 - Prices Are Stronger
 - **Mixed Signals on Expansion**

Sector Caution Returns in Early-2020

Eggs in Incubators, First of Month



Turkey Poult Placement Higher

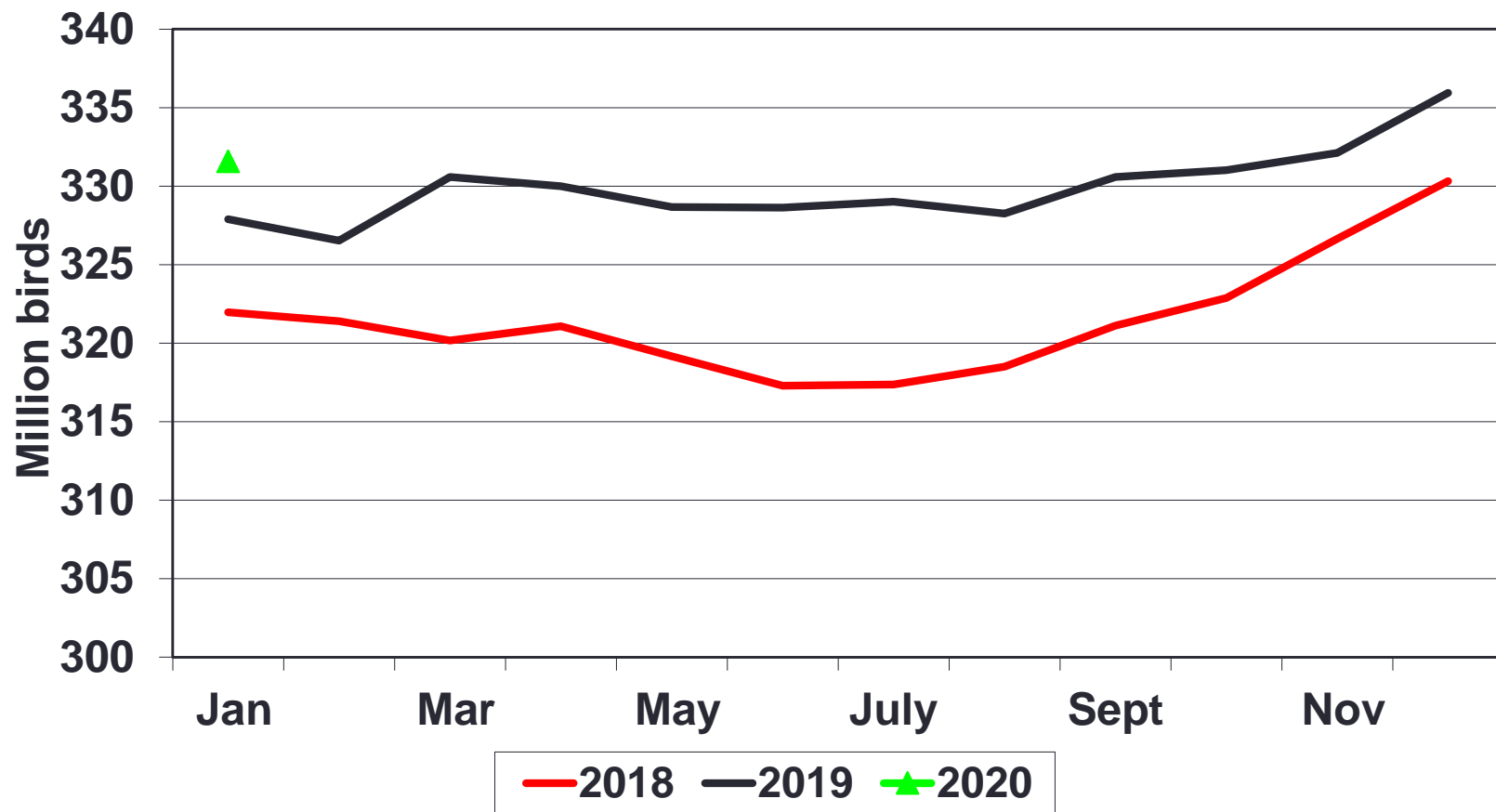


Factors Driving the Forecasts:

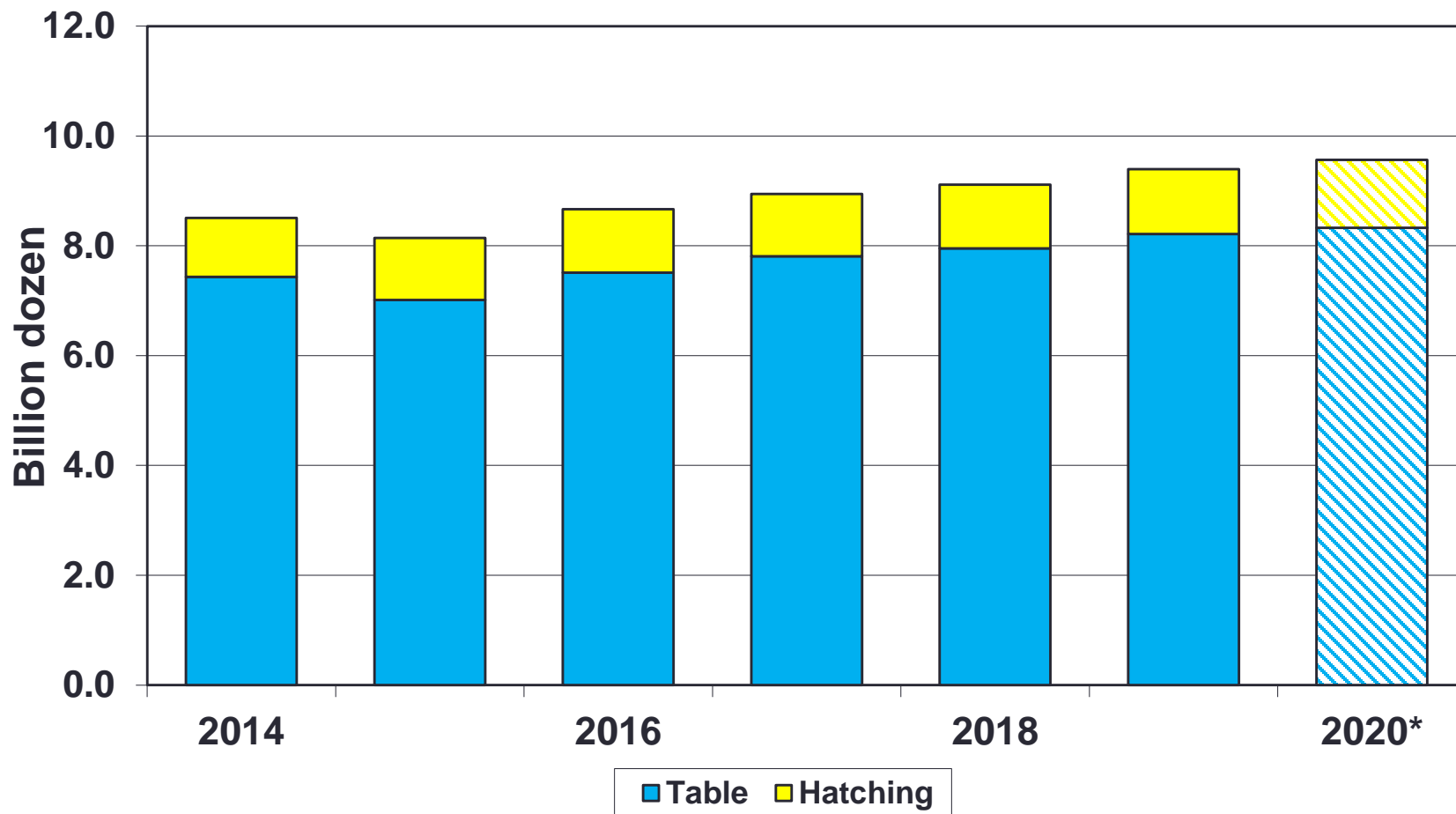
- Eggs – Growth Continues
 - Laying Flock Expanding

Egg Laying Flock Growth Continues

First of Month



Egg Production Will Be Record Large

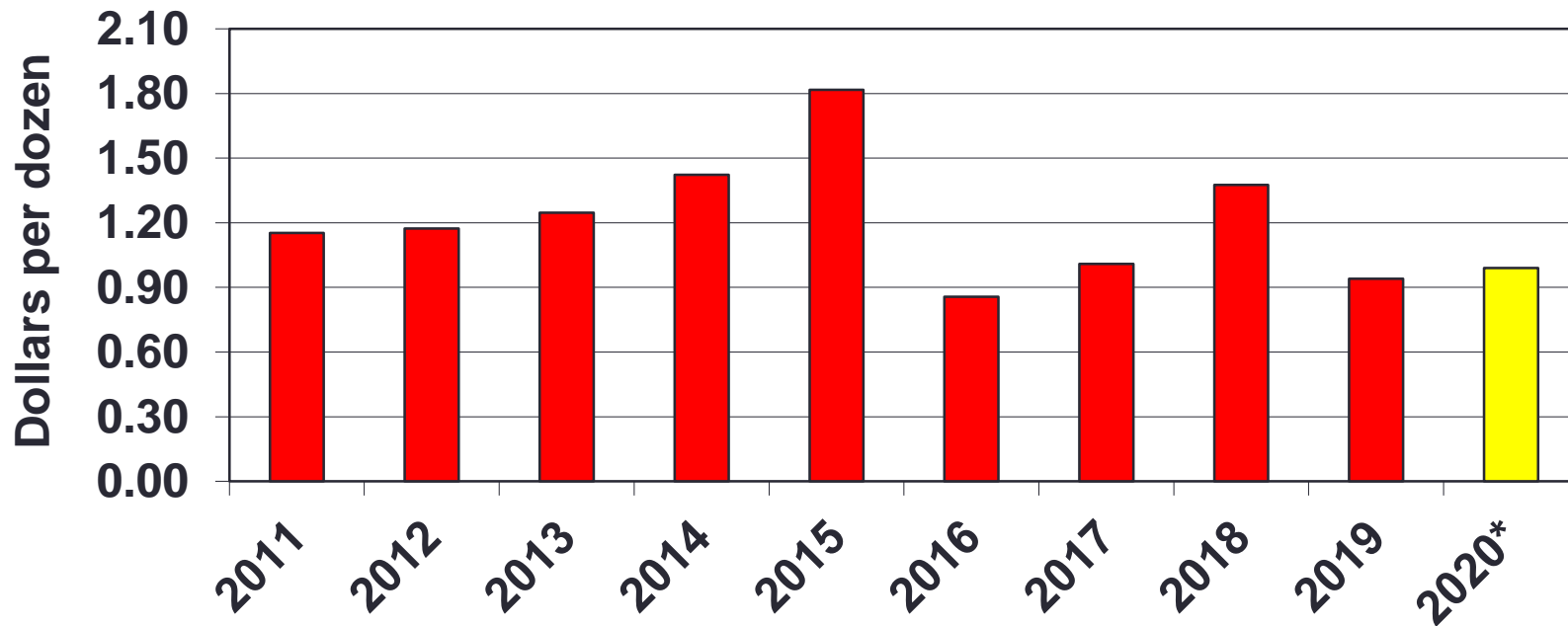


Factors Driving the Forecasts:

- Eggs – Growth Continues
 - Flock Expanding
 - **Egg Prices Higher on Demand Strength**

Egg Prices Will Average Over \$0.99 per Dozen in 2020

N.Y. Wholesale Price - Large Eggs



Additional information about the USDA outlook is available at the following websites:

- World Agricultural Outlook Board (WAOB)
World Agricultural Supply and Demand Estimates
 - www.usda.gov/oce/commodity/wasde/index.htm
- Economic Research Service (ERS)
Livestock, Dairy, and Poultry Situation and Outlook
 - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1350>
- Foreign Agricultural Service (FAS)
Livestock and Poultry: World Markets and Trade
 - <http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>

